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NEWS SUMMARY

Bankers sign debt deal with Poland
Gold up \$11.75; gilts off 1.12

Agreement on allowing Poland to defer payment of commercial bank debts due last year was finally signed in Frankfurt yesterday.

Deputy resigns
Amid growing turmoil in the ruling Australian Liberal Party, Sir Phillip Lynch resigned as deputy leader.

Strike ban veto
The moderate Electrical Power Engineers union voted against making no-strike deals with employers.

Force cleared
Northamptonshire police have been cleared of allegations of misconduct after a two month probe by Hertfordshire's Chief Constable.

Ecavit faces trial
Former Turkish Premier Bulent Ecavit will face a military court on April 29 for writing an article in the West German magazine Der Spiegel.

No extradition
Gail Jennings, 21, won an appeal in London's High Court against being extradited to the U.S. to answer charges about a road accident in which a 13-year-old boy-cyclist died.

JPR settles
Former Welsh rugby captain J.P.R. Williams accepted undisclosed damages in settlement of his action against the Sun, which alleged that he breached his amateur status in relation to the proceeds of his autobiography.

Staying exclusive
Yorkshire County Cricket Club has decided to continue using only Yorkshire-born players, following a ballot of members.

£1 coin struck
Prince Charles struck the first production £1 coin at the Royal Mint in Llantrisant, South Wales. The coins come into circulation in June 1983.

'Fairer' bingo
The Express Newspaper Group launches a 'fairer' bingo system on April 18 which it says will give more chances of winning.

Albania rail link
Albania has agreed with Yugoslavia to build its first rail link to the outside world—a 47-mile track from Scutari to Titograd.

Woman ate snow
Skilift operator Anna Conrad, 22, buried for five days under an avalanche in northern California, said she survived by eating snow.

Cross country
A team of 10 Aberdeen athletes ran the 850 miles from John O'Groats to Land's End in 77 hours 26 minutes 18 seconds, almost two hours faster than the previous record.

Briefly
Queen Beatrix of the Netherlands will visit Britain in November.
West Java's Gununggung volcano erupted, killing five.

Table with columns: RISES, FALLS, and various market indicators like Granada A, Hammonson A, etc.

EEC URGED TO IMPOSE SANCTIONS • CALL FOR END TO PREFERENTIAL TREATMENT

UK bans Argentine imports

THE UK Government has banned the import of all Argentine goods and appealed urgently to its EEC partners to do the same, in the face of Argentina's invasion of the Falkland Islands.

Table: EEC TRADE WITH ARGENTINA (in Eurocurrency units)* 1981 (January-September)

Table: UK TRADE WITH ARGENTINA, 1980 (£m)

Cockfield new Trade Secretary

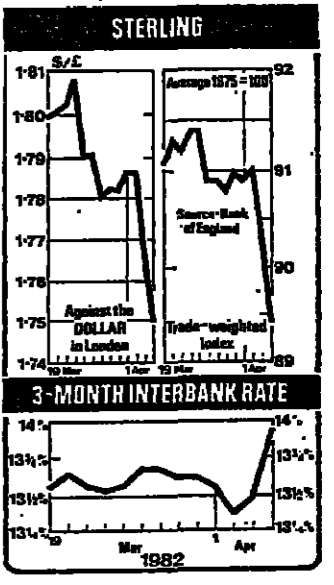
THE PRIME MINISTER last night moved to strengthen her support within the Cabinet after the departing of the past few days by promoting Lord Cockfield, 63, to become Trade Secretary.

'HONEST BROKER' WELCOMED

The offer of President Reagan to act as "honest broker" in its dispute with Argentina was welcomed by Britain, which said that U.S. efforts were only one result of a world-wide campaign now being mounted by the Foreign Office.

Bank support for sterling stepped up

THE BANK of England reacted to the widening implications of the Falkland Islands crisis yesterday by stepping up intervention to support sterling as it fell below \$1.75 in London to a 4½-year low against the dollar.



Argentina may face acute financial crisis

THE SHADOW of an acute financial crisis hung over Argentina last night as the financial sanctions imposed by Britain in the wake of the Falkland Islands invasion seemed increasingly likely to cut the country off from world capital and money markets.

Ford wins record market share

FORD is believed to have captured a record 39 per cent of the UK new car market last month.

Table: CONTENTS listing various news items and their page numbers.

CONSTRUCTIVE ADVICE. Advertisement for Komatsu Ltd. featuring various construction equipment like bulldozers, excavators, and trucks.

Swedish industry forecasts recovery

By William Dullforce in Stockholm

SWEDISH INDUSTRY expects to halt its downward trend this year and to increase overall output for the first time since the general strike and lockout of May 1980.

The recovery will start from a very low level, however, and is unlikely to halt the decline in industrial employment.

Industrial output continued to fall during the first quarter when only 22 per cent of enterprises reported that they were running at full capacity.

Export companies, however, forecast increases in new orders during the second quarter and several sectors expect a smaller improvement in domestic demand.

Nearly all engineering companies predict higher export orders, as do most of the steel works, sawmills and chemical concerns.

Car sales in Sweden appear likely to rise this year for the first time since 1979.

Sales climbed particularly strongly in March, showing a 22 per cent increase to 21,257 cars over March last year.

Schmidt sets economic summit's objectives

BY OUR BONN CORRESPONDENT

THE WEST GERMAN Chancellor, Herr Helmut Schmidt, has given the clearest sign yet of the kind of accord he would like to see emerge from the world economic summit conference in Versailles in June.

Speaking in Hamburg, he left no doubt that he felt the U.S. had the main role to play, above all through commitment to action to lower its high interest rates.

"We don't want confrontation (in Versailles), but dialogue — and agreement through dialogue," Herr Schmidt said in his speech, which was composed in the form of 12 theses on the world economic situation.

The fall in the oil price would help cut costs and prices in the importing countries, he said, thus releasing purchasing power for non-energy sectors and contributing to an economic upswing.

The Chancellor did not open their markets wider to imports, and those in deficit should adopt stringent fiscal and monetary policies.

He believed West Germany was heading for a rough balance on its current account this year, after a deficit of DM 17.5bn (£4bn) last year, and that there would be growing pressure for a revaluation of the D-Mark.

In particular, the Chancellor stressed that there must be no trade war, either against the Comecon countries (one point which may bring arguments with the U.S. at Versailles) nor

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In particular, the Chancellor stressed that there must be no trade war, either against the Comecon countries (one point which may bring arguments with the U.S. at Versailles) nor

within the EEC-U.S.-Japan. He spoke out in favour of strengthening both the Gatt and the IMF, for moves to stabilise the export earnings of developing countries and for pressure on the Soviet Union and its allies to give the Third World economic aid.

Despite strong advocacy of all these points, Herr Schmidt also stressed that neither he, nor the other six leaders who would meet at Versailles, possessed a patent solution to the economic crisis.

Herr Schmidt (right): key role for U.S.



UK defies EEC move on worker consultation

By John Wyles in Brussels

MR NORMAN TEBBIT, Britain's Employment Secretary, stood alone among Community ministers yesterday in rejecting the idea of EEC-wide legislation to guarantee employees' rights to information and consultation.

Britain's isolation on the issue became clear during discussion at an informal meeting of employment ministers on the principles underlying the controversial Vredeling proposal for a draft EEC directive imposing wide-ranging obligations on companies with one or more operating subsidiaries in the Community.

Taking its name from the Dutch Socialist responsible for social affairs in the last European Commission, Mr Henk Vredeling, the draft directive seeks to create for the first time a Community-wide framework of laws forcing multi-national companies to satisfy basic requirements for informing and consulting their employees.

Mr Ivor Richard, the current Social Affairs Commissioner, informed ministers to give an opinion here yesterday following the adoption of a highly favourable report on the Vredeling directive by the European Parliament's social affairs committee.

None of the ministers commented on the details of the Vredeling proposal, but the majority came out in favour of EEC legislation guaranteeing consultation rights for workers in transnational companies, even where the corporate headquarters of these companies are based outside the Community.

Mr Tebbit, however, remained loyal to the voluntary approach, saying that existing guidelines adopted by the Organisation for Economic Co-operation and Development and the International Labour Office were sufficient.

He stressed the opposition to the Vredeling proposal in British industry. This is backed by UNICE, the umbrella organisation representing EEC industries, as well as U.S. business organisations.

Opposition has also surfaced within the U.S. Congress where at least two members have introduced legislation designed to shelter U.S. companies from some of the provisions.

One of them, Mr Thomas Luken, a House of Representatives Democrat from Ohio, has been in Brussels this week and has warned Viscount Etienne Davignon, the EEC's Industry Commissioner, that the proposal is a threat to future U.S. investment in Europe.

The Commission favours a legislative approach to worker information and consultation but is avoiding a detailed commitment until it receives the Parliament's opinion. This will probably be given in July when the centre-right majority is expected to try to amend some of the social affairs committee's decisions.

Dutch gas offer to Europe

AMSTERDAM — The Netherlands' state-controlled gas company forecast yesterday that Western Europe would have to import nearly half its gas supplies by the year 2000 and offered its huge Groningen field as a reserve to give security of supply.

The company, Nederlandse Gasunie, said its forecast was based on a new analysis of demand and output data. It estimated 47 per cent of West Europe's gas supplies would be imported by the turn of the century compared with 14 per cent in 1980.

About 25 per cent of the supplies would come from the Soviet Union, Gasunie said. West Europe's plans to rely more heavily on Soviet gas have caused concern to the U.S., which opposes building of a pipeline to import Siberian gas.

North Africa would provide another 13 per cent, West Africa 6 per cent and the Middle East 3 per cent, Gasunie forecast in a paper presented to an oil and gas conference in Amsterdam.

Mr Georg Kardaun, Gasunie's general manager, said normal storage methods could not cope with interruptions to supplies lasting many months.

Giving a new emphasis to previous Dutch suggestions that the Groningen field could be used as a strategic reserve, Mr Kardaun said it could reduce the risks for other countries in importing from remote regions.

Groningen was the only field in the region large and flexible enough to balance serious falls in supplies.

Jonathan Carr in Bonn reports on speculation about a major reshuffle in the West German Cabinet

Unfavourable conditions for a 'wind of change'

A NEW burst of speculation that the West German Cabinet will shortly undergo a major reshuffle happened to start on April Fool's Day, but since then the rumour has shown no signs of expiring as a short-lived practical joke.

On the contrary, if the many and varied reports now going the rounds in Bonn are to be believed, then virtually no senior Social Democrat (SPD) minister (and few junior ones) in Chancellor Helmut Schmidt's government will escape unscathed.

One common element in all these rumours is that, whatever happens to the SPD's top personnel, the ministerial team of the junior coalition partner—the Liberal Free Democrats (FDP)—will not be touched.

Herr Hans-Dietrich Genscher, the FDP leader and Foreign Minister, is reliably said to have told Herr Schmidt that the four FDP portfolios—his own, Economics, Interior Affairs and Agriculture—must remain as they are.

who have been in alliance now for nearly 13 years—have become increasingly strained over the past year or more. It is no secret that Herr Genscher is on the watch for a chance to pull out of the alliance, if it could be simultaneously demonstrated to the electorate that it was really the SPD which was responsible for the break.

One such chance might just emerge at the SPD congress in Munich in two weeks' time, if the delegates there were to reject the Nato stand on nuclear missiles which both Herr Schmidt and Herr Genscher strongly support.

This is unlikely, however. Instead, the FDP has everything to gain by a somewhat longer-term strategy, indicating to the public that if some Cabinet members have not been pulling their weight, then it is certainly not the Liberals who are involved.

That said, the speculation about a reshuffle clearly does not stem from inspired FDP "leaks" alone. As long ago as August 1980, Herr Schmidt indicated that he would think about ministerial changes halfway through the new legislative

NEW ORDERS for West German manufacturing industry fell off in February

after two months of stagnation, writes James Buchan in Bonn. There was a particularly marked drop in domestic demand for capital goods. The federal statistics office says seasonally adjusted new orders in February were down 2 per cent in volume compared with January.

despite higher overseas orders for production goods and raw materials

Industrial output figures for February are marginally more cheery. The 1 per cent increase over January is due mainly to a 9.5 per cent rise in output for building materials after the bad weather hit construction in January. Manufacturing output was completely static.

term, which would be this autumn.

The main aim of this statement was to head off speculation just before the October 1980 general election that he planned to purge some of his senior ministers at the start of a new term.

Now "half term" is almost at hand. The stock of the Government—and above all that of the SPD—is low, and key provincial elections are to be held in Hamburg and Hesse in September. Already Herr Schmidt has called a confidence vote in the Bundestag (the Lower

House of Parliament) to try to underline both to the public at home and his allies abroad that he is still clearly in charge: he came through the vote easily.

Herr Schmidt has also said he would be ready to stand again for the Chancellorship in 1984 if his Party wanted him—a statement directed at least as much at disciplining his own government ranks as upsetting the opposition, which has already seen the SPD-FDP under Herr Schmidt win two general elections.

Would it not be sensible, so the consideration runs, to fol-

French attempt to speed investment

BY DAVID HOUSEGO IN PARIS

THE FRENCH Government is trying to speed up public and private sector investment in an effort to revive flagging economic activity.

M Jacques Delors, the Finance Minister, has called on the five newly nationalised industrial groups to accelerate their investment expenditure. Earlier this week he had a meeting of the chairmen of Saint Gobain, CGE, Thomson, Rhone-Poulenc and Pechiney-Ugine-Kuhlmann who are to present their investment programmes to the Government by the end of June.

At the same time, he is bringing forward the public works and house-building programme provided for in the 1982 budget to relieve the squeeze on construction companies who have been hit by the slowdown in the industry.

President Francois Mitterrand is also to see the head of the employers association, M Yvon Gattax, tomorrow in an effort to revive private sector investment which continues to remain flat after falling sharply last year.

Industrialists remain discouraged by high interest rates, higher tax and social welfare payments as a result of new government policies and, according to a survey by the official statistics institute, increasing signs of slower domestic demand and exports.

Mitterrand is thought likely to confirm that the Government is ready to ease industry's tax burden this year. After recent heated exchanges between the Government and industry associations, the administration

seems readier to accept industry's argument that its profit margins have been reduced dangerously.

The dilemma for Mitterrand's government, however, is that this further attempt to reflate the economy risks running counter to its attempts to control public expenditure more rigorously in order to hold down the budget deficit.

The easing of tax—and possibly social security payments—by industry will further diminish tax receipts which are likely to suffer from the lower economic activity.

On the other side of the equation, the Government has yet to make the difficult decisions on where it will curb public expenditure. There is no firm figure, either, on what financing will be made available to the newly nationalised companies.

Mr Pierre Dreyfus, the Industry Minister, said in February that the five groups would require some FF 10bn (£900m) over the next two years. But some reports here suggest that their demands for new equity capital and subsidised credits available to industry are running higher than that.

Indicative of the difficulties of financing this extra burden is the sharp debate within the Government as to how much their requirements should be met from the budget and how much from "compulsory" long-term loans from the now nationalised banking system. There is opposition within the Ministry of Finance both to enlarging the budget deficit and to tying up the credits of the banks.

Romanian President calls for Balkan summit

VIENNA—President Nicolae Ceausescu of Romania has called for a Balkan summit to discuss problems facing the region.

In a toast to President Kenan Evren of Turkey at a banquet in Bucharest, President Ceausescu said the meeting should discuss ways of surmounting existing problems, of building confidence, and strengthening co-operation and peace in the Balkans.

Such a meeting is possible and would be an important, positive act in the life of the whole continent," President Ceausescu said.

The idea of a wide-ranging Balkan summit, which has been raised before, is likely to meet

opposition from orthodox Communist Bulgaria. Sofia has said it is prepared to take part in multilateral discussions only on specific themes.

Last October, President Todor Zhivkov of Bulgaria proposed a Balkan summit to discuss establishing a nuclear-free zone.

In his toast to President Evren, President Ceausescu voiced his support for such a zone but made it clear he wanted a Balkan summit to look at other outstanding problems facing the region.

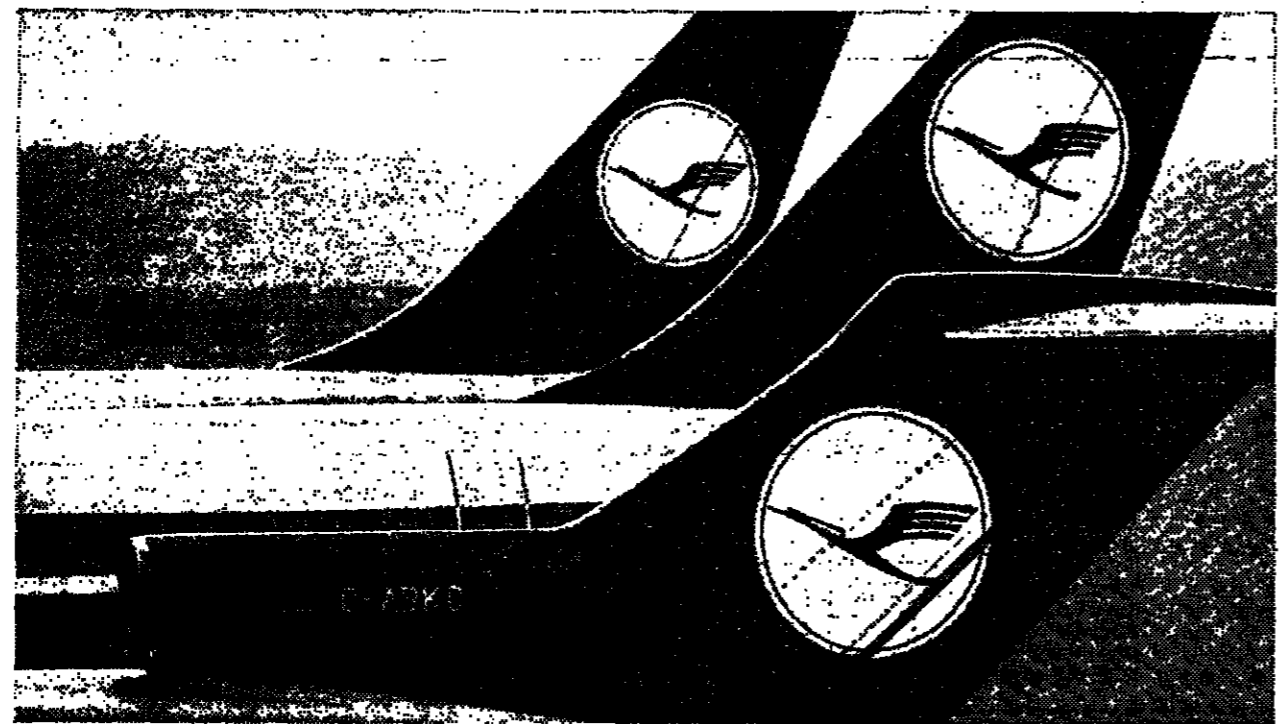
The Turkish leader said that Turkey, a member of the North Atlantic Treaty Organisation (Nato), wished the Balkans to be turned into a zone of peace and collaboration.

Albania-Yugoslav rail link

BELGRADE — Albania has finally reached an agreement with Yugoslavia in the construction of its first rail link to the outside world, Yugoslav officials said yesterday.

The project, designed to link the Albanian town of Scutari with the southern Yugoslav city of Titograd, had been agreed in principle several years ago. But it was suspended after Belgrade accused Tirana of fomenting violent Albanian nationalist riots in the southern Yugoslav province of Kosovo last year.

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AMERICAN NEWS

Haig urges support for build-up of strategic forces

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

MR ALEXANDER HAIG, the U.S. Secretary of State, yesterday warned that there would be little prospect of progress in arms control negotiations with the Soviet Union unless President Ronald Reagan's plan to rebuild U.S. strategic forces received full support.

In the Administration's most comprehensive statement so far of its nuclear strategy, Mr Haig rejected calls for a "freeze" on nuclear weapons at their present levels and repeated U.S. and Nato opposition to Soviet proposals that both sides should pledge not to be the first to use nuclear weapons.

Mr Haig's speech at the Georgetown Centre for Strategic and International Studies was the latest in a series of attempts by the Reagan Administration to counter recent disarmament proposals by President Leonid Brezhnev, the Soviet leader, and drive home the message that the U.S. is interested in peace, not war.

His remarks were addressed as much to the growing nuclear "freeze" movement in the U.S. as to West Europeans concerned by the Reagan nuclear build-up. Mr Haig argued that deterrence, which had succeeded in keeping the peace for more than 30 years, required "the maintenance of a secure military balance," which could not be had on the cheap.

He insisted that the purpose of installing U.S. nuclear weapons in Europe was not to set the scene for a "limited nuclear war" but to "engage American power in the defence of Europe" and ensure that the security of the alliance was indivisible. The "alliance's doctrine of flexible response to a Soviet attack was not based "on the view that nuclear war can be controlled," he said.

Mr Haig said that a freeze at present levels would "perpetuate an unstable and unequal military balance."

Adoption of the Soviet "non-first-use" proposal would be tantamount to making Europe safe for conventional aggression, Mr Haig said. If the West were to allow Moscow the freedom to choose the level of conflict which most suited it, and to leave entirely to Soviet discretion the nature and timing of any escalation, Nato would be forced to maintain conventional forces at least at the level of those of the Soviet Union and its Warsaw Pact allies.

Those in the West who advocate the adoption of the non-first-move policy seldom went on to propose that the U.S. reintroduce the draft, triple the size of its armed forces and put the economy on wartime footing.

Fed to discuss release of money supply figures

BY OUR NEW YORK STAFF

THE FEDERAL Reserve Board is to meet next Monday to discuss possible changes in the compilation and release of the U.S. weekly money supply figures. At the moment the figures are put out on Friday afternoons and can have a huge impact on the financial markets, even though short-run changes are often technical.

The Fed has already indicated that it is unhappy with the present system because of the volatility it injects into the markets. Last year it sought comments from Wall Street. Among the possibilities being considered are releasing the figures over the week-end so

that the financial community has time to absorb them before trading resumes. The Fed might also release the raw monetary data instead of adjusting it to compensate for seasonal factors as it does now. The adjustment has been criticised as inadequate.

A third possibility is to publish a moving average of, say, the last four weeks' figures to iron out the ups and downs.

Some people in the Fed would prefer to abandon the weekly announcement altogether. However, the central bank is obliged by U.S. information disclosure laws to release such data as and when available.

Probe into handling of IBM dispute

By Paul Setts in New York

MR WILLIAM BAXTER, the head of the U.S. Justice Department's anti-trust division, is at the centre of a controversy over his decision to drop the Government's 13-year-old anti-trust case against IBM, which could prove politically embarrassing for the Reagan Administration.

Mr Baxter has stepped aside from the landmark IBM anti-trust case while the Justice Department conducts further investigations, expected to last another month, on the way the anti-trust chief handled the case.

Although the Justice Department dropped the case at the beginning of the year on the grounds that the Government's case against the dominant computer company was "without merit," the U.S. judge who has been hearing the case is now considering whether he should nullify the decision.

Federal Judge David Edelstein was visibly upset when the Government suddenly decided to drop its case against IBM last January. The judge has since questioned Mr Baxter's role in the IBM decision because he discovered that, in 1976, when Mr Baxter was a law professor at Stanford University, California, he had been paid by IBM to evaluate an expert witness for the computer company in a private anti-trust suit on the west coast.

Mr Baxter has denied his work for IBM amounted to a conflict of interest, claiming that the work he did for the company was "trivial and irrelevant".

But the judge is questioning whether Mr Baxter should have disclosed this to the court before dismissing the IBM case.

The issue has now been further complicated by the disclosure that Mr Baxter had much of his salary paid by IBM for a full year in the late 1960s. The grant was to enable Mr Baxter to study the use of computers at Stanford by lawyers as well as mathematicians.

The Justice Department has confirmed that Mr Baxter removed himself from the IBM case on March 25 until questions about his conduct are cleared up.

William Chislett examines the effects of Mexico's policies in Central America Active peacemaker in a position of trust

AFTER 50 years of neglecting Central America, Mexico now defines the region as its "natural area of influence."

Emboldened by its massive oil wealth and its emergence as a Third World power, Mexico has been pursuing a very active foreign policy in the area since it supported the Sandinistas' revolution in Nicaragua in 1979. Mexico is also providing substantial economic aid, mainly in the form of cheap oil, even to those governments — like El Salvador's — which it vociferously denounces.

Mexico's efforts to bring peace to Central America, however, have been given an added urgency by the elections in El Salvador and by the recent coup in neighbouring Guatemala.

Boycotted by the Left, and in the throes of a civil war, Mexico long ago denounced El Salvador's elections as untenable. The high turn out at the polls surprised Mexico but it still believes that the elections will fail to pacify the country and that its own peace plan is sorely needed.

President Jose Lopez Portillo is trying to promote a negotiated political settlement between the warring factions in El Salvador. He is also fostering talks between the U.S. and the Left-wing governments of Cuba and Nicaragua in an attempt to ease tensions throughout the region.

The moderately reformist Christian Democrat party of President Jose Napoleon Duarte failed to win a majority in El Salvador's elections. The extreme Right-wing party, Arena, of Roberto D'Abulison, who favour a war to the death with rebels, won 19 seats compared to the Christian Demo-

crats' 24 seats in the 60-seat Constituent assembly. Mexico's nightmare about Guatemala is that the recent bloodless coup by middle-ranking officers against the conservative military establishment will intensify the ferocious but little-publicised conflict between the military and Left-wing guerrillas — possibly spilling over into the border state of Chiapas. Mexican officials recoil with horror that a similar coup with reformist pretensions occurred in El Salvador in 1979 and unleashed today's blood-bath. Mexico's formal democracy is stable. But the seeds for revolution do exist. There are millions of landless, hungry, peasants.

Traditionally, Mexican foreign policy has been little more than a convenient tool to assert independence from Washington and appease the Left at home. Now, its policy towards Central America goes way beyond mere rhetorical reaction to Washington. Mexico's desire to be the region's peace broker is a thorn in the side of the Reagan Administration. But for Mexico's fierce resistance to the U.S. policy of bolstering right-wing governments against what Washington perceives to be a threat from the Soviet Union and Cuba, the Administration would have found it much easier to have had its own way in Central America.

Mexico's policy is dictated by three factors: self-interest, fundamental differences of approach from the U.S. to the region's problems, and a belief that the country does have the necessary credentials to be the messenger of peace. Mexico's long friendship in Latin America for Cuba is widely believed to have fostered an understanding between the

two countries that Havana will not meddle in Mexico's domestic politics.

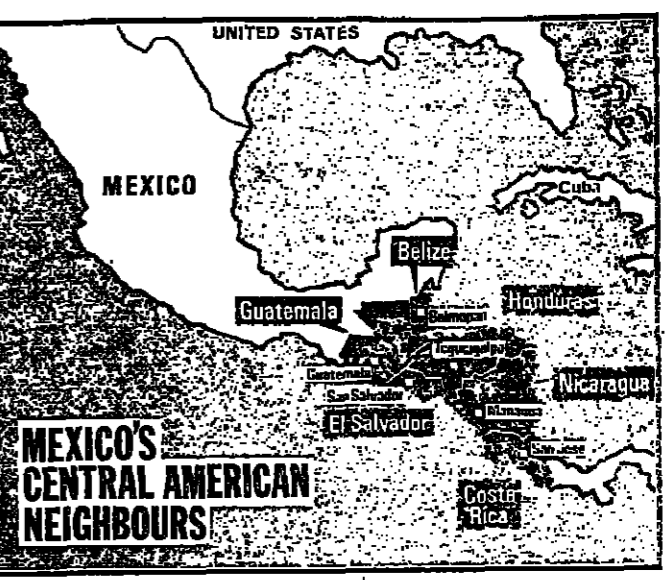
Mexico is also a staunch ally of Nicaragua and allows El Salvador's guerrilla-led Opposition to use Mexico City as its home in exile.

Mr Lopez Portillo is trusted by all sides. Washington, although exasperated with him, is anxious not to let differences in foreign policy spoil the excellent bilateral relationship with his country.

His peace efforts are beginning to have some effect. The U.S. and Nicaragua have reportedly agreed to start talks in Mexico City in April. Mexico has also facilitated secret contacts between Washington and Cuba over the past five months.

Mexico fears that U.S. policy will, if it has not already, turn Central America into a theatre for East-West conflict and that it will suffer from the effects of an ideological confrontation. Unlike Washington, Mexico does not view Central America's problems through the optic of East-West relations. It is concentrating more on the economic misery behind the unrest.

Mexico's deal to supply cheap oil saved seven nations in the region a total of \$200m in 1981. Lines of credit worth \$68m have also been opened and a new trade preference system for the region allows many products to enter Mexico after paying only 25 per cent of normal import duties. Mexico does not believe that it will be infected by the revolutionary bug which is creeping up the spine of Central America. The acid test of Mexico's policy to Central America will come, however, when Guatemala sinks deeper into revolution, as it seems will happen.



COUNTRY	TYPE OF GOVERNMENT	GUERRILLA ACTIVITY	FOREIGN POLICY
Belize	Middle-of-the-road parliamentary	Nil	To avoid trouble and to cultivate aid donors and potential investors
Costa Rica	Middle-of-the-road parliamentary	Nil	To avoid entanglements in neighbours' wars and to procure any available financial aid
El Salvador	Military-civilian junta dominated by army	Intense	To continue close association with the U.S. source of diplomatic, economic and military aid
Guatemala	Right-wing military dictatorship	Very active becoming intense	Deep suspicion of liberal tendencies in Washington, hostility to Cuba and close alliance to Israel
Honduras	Middle-of-the-road parliamentary with military influence	Spasmodic border skirmishes	Close association with the U.S.
Nicaragua	Revolutionary junta of the Left	Occasional border skirmishes	Close links with Cuba; fear of U.S. cultivating links with West Europe and the oil producers

Bolivia Cabinet reshuffled

LA PAZ — General Celso Torrello Villa, President of Bolivia, has reshuffled his Cabinet after its 18 members resigned to give him a free hand in the implementation of harsh economic measures.

Gen Torrello has confirmed 11 Ministers of the outgoing Cabinet of 10 military officers and eight civilians, but replaced the Finance Minister, Gen Javier Alcoreza, with a civilian, Sr Lucio Paz Rivero. The new team includes 10 civilians and eight military

Salvador call for sabotage

SAN SALVADOR — A clandestine guerrilla radio station, ignoring a Church leader's appeal for peace, has reiterated a call to escalate fighting and sabotage throughout the nation.

The Radio Venceremos broadcast said peasants and workers should participate with the Leftist guerrillas in a wider campaign of sabotage from May 1. AP

Liberals win Quebec seat

BY ROBERT GIBBENS IN MONTREAL. THE QUEBEC Liberals have won a key by-election in the Quebec City riding of Louis Herbert by a good majority. They also retained St Laurent in Montreal, with a very large majority.

M Rejean Doyon, a former civil servant, won Louis Herbert from high-profile lawyer, M Jean Keable, running for the ruling Parti Quebecois. The majority was about 2,000 votes. The PQ now has 79 seats in the National Assembly, and the

Liberals 43. The Liberals have won all 13 by-elections since the Parti Quebecois was first elected in 1978, but they lost the April, 1981, provincial election. Louis Hebert, which includes Laval University, had been held by former inter-governmental affairs Minister Claude Morin. Premier Rene Levesque conceded that the defeat in Louis Herbert was due to the province's poor economic condition and high unemployment.

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STAYING AHEAD IN THE RACE TO TOMORROW.

THE FALKLAND ISLANDS INVASION

Invasion alarm bells on the morning flight to Brussels

BY DAVID TONGE, DIPLOMATIC CORRESPONDENT

IT WAS on the breakfast plan to Brussels ten days ago that Lord Carrington, then Foreign Secretary, took up with Mrs Margaret Thatcher, the Prime Minister, the possibility of an Argentine invasion of the Falklands. Intelligence reports reaching London that weekend had caused "alarm bells to ring" about the intentions of the Argentine fleet, as one official involved said yesterday. The fleet had sailed from Puerto Belgrano on the morning of Sunday March 28 for long-scheduled port manoeuvres with the Uruguayan navy.

But the intelligence reports caused Mrs Thatcher, who

was on her way to the European Council, to decide that the Foreign Secretary should cut short his visit to Brussels. More importantly, it appears to have led to the decision to send HMS Superb, a nuclear-powered submarine, and possibly two other submarines to the South Atlantic.

The intelligence reports came from both British and U.S. sources, according to those who have seen them. More serious reports in earlier years had not been followed by an invasion of Britain's remote South Atlantic colony, however.

Further, the British and U.S. both seemed to have

attached at least some importance to the "undoubted capacity" of Washington to influence the government of President Leopoldo Galtieri. In the event, a 50-minute conversation between President Ronald Reagan and the Argentine leader failed to stop the landing. But yesterday British officials were at pains to insist that the U.S. had not lulled London into sense of false security. The problem was that by this stage the decision to send a submarine was too late to influence matters. "We would have had to have acted around March 1," one

official said yesterday. Speaking on television after his resignation, Lord Carrington said that the information he had received caused him to believe that the Argentine decision to invade the Falklands had been taken on March 29, when he and Mrs Thatcher were still in Brussels.

This, however, was only learnt later, and the Government was still hoping that it could solve matters through diplomatic channels. Apart from deciding to send HMS Superb, the Government had also told Mr Anthony Williams, the British Ambassador in Buenos Aires,

to propose that a special British emissary should visit Argentina. It was only on Thursday that Sr Nicanor Costa Mendez, the Argentine Foreign Minister, came back to reject this idea out of hand. He said that Argentina would be taking the issue to the UN, but Britain had already decided that if their offer was rejected it would go to the UN Security Council.

Lord Carrington had spent out the seriousness of the issue to the House of Lords on Tuesday. But still he set off for Israel, on Wednesday morning, returning the following evening. By

travelling, he has been accused of giving the Argentines the signal that Britain did not take the Falklands so seriously after all.

But those who went with him insist that if he had postponed the trip his reasons would have been seriously misread by Middle East countries already tense following Israeli actions on the West Bank. In any case, it now turns out that by Wednesday the die had been cast—and that if Britain were to have stopped the invasion it would have had to move at least two weeks before the alarm bells started to sound.

Argentina seeks to consolidate its popular support

BY JIMMY BURNS AND ANDREW WHITLEY IN BUENOS AIRES

ARGENTINA'S military junta yesterday moved to consolidate popular backing for its occupation of the Falklands and its defence against the threatened British attack.

In an important development, leaders of the country's 13 major political parties including the Peronists and the Radicals met General Alfredo Saint Jean, the Interior Minister.

The party leaders brushed aside their political opposition to the military regime and gave their "total backing" to the armed forces' entrenched position on the Falklands.

Senor Nicanor Costa Mendez, Argentina's civilian Foreign Minister, continues to lay great emphasis on a diplomatic solution to the crisis, but Argentina appears to be putting into practice its military rhetoric.



Gen Leopoldo Galtieri

Troop and supply reinforcements yesterday continued to be shuttled to the Falkland Islands while Argentina's four major mainland South Atlantic ports, Comodoro, Rivadavia, Puerto Belgrano, Mar de Plata and Ushuaia, intensified civil defence preparations. They include practice air raid blackouts and the reconversion of most of the town's major civilian hospitals.

National radio and TV programmes, which have been taken over by the government of Gen Leopoldo Galtieri, gave full coverage throughout the day on all military movements with regular patriotic jingles and archaic film referring to the country's past military heroes.

The growing military propaganda is taking place despite Argentina's continuing international isolation over the Falklands.

The local English language newspaper has received several threats from anonymous sources including one with the statement that for "every Argentine soldier that falls three Britons will be killed." The newspaper's editor Mr James Neilson has also been threatened.

British representatives including local representatives of BAT and David McKee were yesterday adopting a cautious line with Press inquiries in an apparent attempt to avoid any further negative impact on shares in the London Stock Exchange.

The British taskforce is not expected to arrive near the Falkland Islands until later this month. However, Argentine military tension is being fuelled by reports that a British nuclear submarine, HMS Superb, is already in Argentine waters.

Ascension Island used as base

By Our Foreign Staff

ASCENSION ISLAND, a British possession in the South Atlantic, was the scene of military activity yesterday as the Royal Fleet Auxiliary Fort Austin, 3,160 tons, put in to take on supplies, presumably destined for the British invasion force on its way to the Falklands. Earlier, Royal Air Force C-130 transport aircraft had landed on the island's airstrip.

Ascension is an important but little known base and communications centre, much used by U.S. forces as a staging post for regular weekly flights between the U.S. and South Africa. It is also used by Cable and Wireless for telecommunications, and contains transmitters which beam BBC overseas service programmes to Africa and South America.

Though Ascension will be a valuable staging post for the British fleet now heading for the Falklands, its harbour is small and its port installations rudimentary. The island's administration is headed by a British official, Mr Bernard Pauncefoot, but the military operations are principally under the command of U.S. personnel who are obliged to make these available to Britain when required.

Ascension has no indigenous inhabitants. British and U.S. personnel are augmented by workers from St Helena, another British possession in the area, where Napoleon died.

St Helena has no airstrip, and Whitehall has been considering the feasibility of linking both islands to the outside world by balloons, which would be world by balloons.

Tankers to support Navy

Financial Times Reporter

THE BRITISH Government has chartered a number of British Petroleum oil tankers to support the Royal Navy task force sent to the Falklands, and will use several merchant ships as troop carriers.

A helicopter is to be installed on the requisitioned P & O luxury liner Canberra in Southampton dock over the next few days. The Canberra will be used to carry troops and possibly as a hospital ship. She is due to be officially handed over to the Navy this afternoon, after disembarking passengers from her annual world cruise.

Chile cautious on possible UK use of naval base

BY MARY HELEN SPOONER IN SANTIAGO

CHILEAN OFFICIALS were yesterday declining comment on reports in London that the British Navy task force now sailing to confront Argentine forces on the Falklands might be granted facilities at the southern port of Punta Arenas, which overlooks the straits of Magellan.

A spokesman for the Government communications office, Director said the news agency report "could neither be confirmed nor denied" for the time being, but left open the possibility of some later official statement.

The Chilean Foreign Ministry on Friday evening issued a carefully worded communiqué expressing its "deep pre-occupation" over the Argentine invasion of the Falklands and its hope for a peaceful settlement of the conflict. Nevertheless Gen Augusto Pinochet's

military regime is greatly concerned by the Argentine move into the Falklands, in light of both countries' longstanding territorial dispute in the Beagle Channel.

Ownership of three disputed islands—Picton, Lennox and Nueva—invariably affects access to the channel, where the Chilean naval base of Puerto Williams and the Argentine naval base, Ushuaia, virtually face each other from Navarino Island and Tierra Del Fuego respectively.

In addition, the islands project a region of sovereignty which could have a crucial bearing on the two countries' overlapping claims to Antarctic territory.

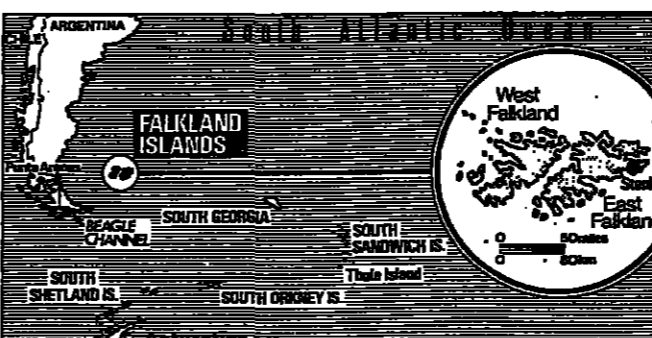
Chile's fear is that the Falkland Islands invasion could be the forerunner of some future Argentine action to seize the disputed islands by force. A

British arbitration awarded the islands to Chile in 1977, while Argentina rejected the ruling and the two nations nearly went to war. Subsequent efforts by the Vatican to mediate the dispute have yet to resolve the conflict.

Last year Argentina suddenly closed its 2,600 mile border with Chile following the Pinochet regime's announced intention to put two detained Argentine military officers on trial for espionage. This marked the tensest period in Argentine-Chilean relations since 1977.

Hugh O'Shaughnessy adds: Life appears to be continuing normally at the bases manned by the British Antarctic Survey in the British Antarctic Territory, a sector of the southern continent most of which is also claimed by Argentina and Chile.

Any military action against the BAS bases would contravene the Antarctic Treaty of



1959 which declared that the Continent was to be used for peaceful purposes only and which forbade military bases and the deployment or use of weapons.

But a small Argentine military presence continues on Southern Thule, in the otherwise uninhabited South Sand-

Australia and Canada recall envoys

By Our Foreign Staff

AUSTRALIA and Canada have recalled their ambassadors from Buenos Aires in condemnation of the Argentine invasion of the Falklands.

Their decision completed a rallying around the mother country by the historic British dominions, except for South Africa which no longer belongs to the Commonwealth.

In Ottawa, Mr Mark McGowan, Minister of External Affairs, after announcing the withdrawal of the ambassador told reporters: "It is certainly possible there could be additional steps."

In Australia, Mr Tony Street, the Foreign Minister, said the cabinet had decided to recall its ambassador. Mr Malcolm Fraser, the Prime Minister, said that a complete diplomatic rupture and the imposition of trade sanctions would be considered.

The New Zealand Government already has broken off relations. On the other hand, India, most important of the "new" Commonwealth states has taken a more non-committal line. Mrs Indira Gandhi, the Prime Minister, has made a statement condemning the use of violence in the dispute.

The Ugandan Government, whose representative supported the British Security Council resolution calling for an Argentine withdrawal, issued a statement condemning Argentine for not settling the disputes by peaceful means.

In Lusaka, a Zambian statement took the same line

Britain and Sanctions Economic war for first time since Rhodesia

BY PAUL CHEESRIGHT, WORLD TRADE EDITOR

THE UK GOVERNMENT has swallowed a traditional dislike of trade boycotts, outside conditions of war. Historically, Britain has been against boycotts imposed by others and has been consistently sceptical about their value as an instrument of policy.

But the ban on Argentine imports, which came into effect at midnight, and the attempt to orchestrate an EEC sanctions policy, constitute the first attempt by the UK, on its own initiative, to pursue such a high level of economic warfare since Rhodesian sanctions in the mid-1960s.

In its distaste for trade sanctions, the UK is at variance with

the U.S., which has consistently used economic warfare for political purposes. Even now the U.S. has actions running against the Soviet Union, Libya, Kampuchea, North Korea, Cuba and Vietnam.

The difference between the UK approach now and the usual approach by the U.S., is that the British emphasis is on imports, while the U.S. has often sought to control exports. There are two reasons for this British emphasis. The first is the acknowledgment that nothing need be done about exports, because the Argentine Government will doubtless impose its own import ban.

The second is that import

controls are easier to put in place and execute than export controls. Attempts in recent years to enforce export controls on goods destined for Iran, the Soviet Union and, going further back, Rhodesia have been notoriously unsuccessful.

Export controls are effective as a rule only when the country is the subject of sanctions desperately needs imports or when the initiators of sanctions have a near monopoly of the controlled exports in question.

This sort of reasoning led the external economic relations committee of the European Parliament recently to recommend that the EEC should have

nothing to do with programmes of economic sanctions.

If, however, the EEC should follow the UK example and ban Argentine imports, it would have a marked effect on the ailing Argentine economy. In 1980, the last year for which full figures are available, the EEC was Argentina's biggest export market, taking goods worth \$2,255m (\$1,230m) out of total exports valued at \$80m.

By comparison, Argentine sales to the Soviet Union were worth \$1,476m. Last year sales to the Soviet Union probably achieved greater importance owing to a bumper Argentine grain crop.

Cloud cast over re-opening of Spain's frontier with Gibraltar

BY ROBERT GRAHAM IN MADRID

THE FALKLANDS crisis and the resignation of Lord Carrington as British Foreign Secretary, have cast a cloud over the prospective opening by Spain this month of the frontier with Gibraltar.

The frontier is due to be reopened on April 20—about the time the British fleet reaches the Falklands—and simultaneously talks are due to be held between the British and Spanish Foreign Ministers at Sintra near Lisbon discussing "all aspects" of the future of Gibraltar.

In public, both governments are maintaining that the Falklands crisis is unrelated to Gibraltar and that arrangements are going ahead as scheduled.

However, in private, there is growing doubt on the Spanish side of the advisability of re-opening the frontier at a time when Britain could well harden its position on the sovereignty of the Rock. The leading Spanish daily newspaper, El Pais yesterday speculated that the re-opening would be postponed.

The occasion will be a more inopportune because Spain obtained in the UN Security Council vote condemning the Argentinean action and the Spanish Government has issued a statement supporting Argentina's claim to the Falklands—the chagrin of British officials. There are also powerful politi-

cal reasons on the Spanish side for seeking a postponement of the frontier re-opening.

The Spanish Government has been suspicious about British intentions on Gibraltar. When agreement was reached in April 1980 in Lisbon between the then Foreign Secretaries, Lord Carrington and Sr Marcelino Oreja, the frontier was expected to re-open that June.

This never happened, largely because the Spanish cabinet felt that Sr Oreja had signed an agreement, or statement, which threw away Spain's trump cards over regarding Gibraltar and achieved nothing in return.

The British concession—to agree to discuss all aspects of Gibraltar's future for the first time—was regarded as far too vague.

It was only when Sr Leopoldo Calvo Sotelo, the Prime Minister, plucked up courage during his visit to London in January that Spain finally committed itself to re-opening the frontier and announced a date.

As a counterpart of Britain's good faith, to discuss the future of Gibraltar's status, a parallel meeting at Foreign Ministers' level was arranged to coincide with the frontier opening.

Sr Calvo Sotelo accepted this arrangement believing in Lord

Carrington's personal diplomatic touch and word. The Spanish also realised that British support for Spain's entry into the EEC could be made to some extent conditional on a satisfactory resolution of the Gibraltar issue.

However, the Spanish are confronted by a changing mood in Britain affected by the Argentinian occupation of the Falklands. The Spanish had hoped that even if the world sovereignty were not mentioned in the Foreign Ministers' communiqué it would come up in private.

This would be difficult for a new British Foreign Secretary

just appointed after the resignation of a colleague for failing to protect the sovereignty of another colony.

For the Spanish Government to continue with a meeting which could show nothing to the public carries significant political risks.

The Right has consistently opposed re-opening of the frontier and has regarded Sr Calvo Sotelo's agreement in London in January as little short of capitulation. It is also notable how the extreme right-wing newspaper El Alcazar, much read by the military, endorsed the Argentinian action almost in envy with one eye on Gibraltar.

Deputy leader of Australia's Liberal Party quits

BY MICHAEL THOMPSON-NOEL IN SYDNEY

AMID growing turmoil in the ruling Australian Liberal Party, Sir Phillip Lynch resigned yesterday as the party's deputy leader.

As a result, tomorrow's special meeting of the parliamentary Liberal Party in Canberra will choose the new deputy leader, and also resolve the leadership struggle between Mr Malcolm Fraser, the Prime Minister, and his challenger, Mr Andrew Peacock.

Supporters

Mr John Howard, the Federal Treasurer, said yesterday he would run for the deputy leadership. Supporters of Mr Fraser are convinced that Sir Phillip's replacement by Mr Howard would stifle rebellion on the government back-benches, and block Mr Peacock's bid for the premiership.

It would also mean victory for the cabinet drive against the "wets" and effectively endorse the government's monetarist policies, with which Mr Howard is closely identified.

Mr Howard is reputed to have been planning a bid for the deputy leadership for some time. He is viewed in Canberra as Mr

Fraser's heir apparent. After entering parliament in 1973, he was made Minister for Business and Consumer Affairs, then Special Minister assisting the Prime Minister.

The Liberals' leadership struggle entered its bitterest phase on Monday, following the party's crushing defeat in the Victoria state elections at the weekend.

Mr Peacock, who resigned from the Fraser cabinet last April, repeated his call for new policies and a fresh start, and asserted that under Mr Fraser's leadership the Liberals were heading for defeat at the next General Election.

Resignation

Sir Phillip, who has been deputy Liberal leader for ten years, announced his resignation at a Cabinet meeting in Hobart. During the by-election campaign in the Sydney suburb of Lowe last month, he informed his colleagues by suggesting that the government might have to introduce the means test for pensioners. His remark was considered an important factor in the Liberals' loss of the by-election.

Chinese warn Heath of Taiwan breach

By Tony Walker in Peking

A BREACH between the U.S. and China over continuing U.S. arms sales to Taiwan might cause friction between the capitals of Europe and Washington, according to Mr Edward Heath, Britain's former Foreign Minister.

Mr Heath said after a meeting in Peking yesterday with Deng Xiaoping, the powerful Chinese Communist Party vice chairman, that China's position on Taiwan is "a very strong one." Mr Deng had made it clear, Mr Heath said, there must be no interference with Chinese sovereignty over Taiwan.

"Congress must accept that there is one China," Mr Deng reportedly said, "and that they cannot go on trying to run Taiwan, to use their own phrase, as an American aircraft carrier."

Mr Heath, who cut short his visit to China to return to London for today's Commons debate on the Falkland Islands, said the question of Taiwan had featured prominently in his talks with Huang Hua, the Foreign Minister.

"It is obvious they do feel very strongly about it," he said. "This obviously is a pretty crucial situation." However, the Chinese have not given any clear indication as to the timing or nature of the action they would take if proposed American arms sales to Taiwan went ahead.

Japan may fix supplementary budget for 1982

BY RICHARD C. HANSON IN TOKYO

JAPAN may be forced to introduce a large supplementary budget during the second half of its 1982 fiscal year in order to stimulate flagging domestic demand and to make up for anticipated shortfalls in tax revenue.

Speculation about the need for a supplementary budget began this week immediately after the approval by the upper house of the Diet (parliament) of the main 1982 budget.

The talk has not been denied by the Ministry of Finance, although for the time being officials decline to put any figure on the precise size of a supplementary budget.

The current 1982 budget, with expenditures set at ¥48,800bn, provides for the smallest increase in spending in the past quarter of a century. The austerity has been justified by the need to reduce the Government's deficit to "manageable" levels following the deficits of over 40 per cent which Japan incurred in the late 1970s.

However, fiscal austerity, which has included a virtual freeze for three years running on the level of public works spending, is now starting to be blamed for the economy's failure to grow at anything like the speed laid down in the official projections for the fiscal year. The Government had forecast a real GNP growth rate of 5.2 per cent but some private forecasters have predicted that actual growth will fall two percentage points short of this level.

In order to produce the maximum impact from the present 1982 budget during the first half

of the year, the Government has already decided to start about three quarters of budgeted public works projects during the first six months.

If this frontloading strategy does not help the economy to recover, the authorities may have to inject more funds into the public works programme.

Officials claim that no concrete figures for the amount of such an injection have yet been discussed within the Government. However, figures as high as Yen 1,000bn (€277bn, in addition to the original public works budget of Yen 6,555bn) are apparently being discussed informally.

If Japan introduces a supplementary budget with the object of stimulating economic activity in the second half of the year this will be the first instance of a relaxation of fiscal policy since fiscal 1979, when the Government covered a staggering 40 per cent deficit with public debt issues. Since that time the Government's top priority has been to reduce the amounts of bonds issued specifically to cover budget deficits.

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Mitsubishi 'chip shot' offers golfers fireside practice

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

THE Mitsubishi Electric Company has begun selling a microcomputerised "golf trainer" which provides instant analysis of the speed and angle of golf strokes for golfers too busy or, in the case of Japan, not wealthy enough to play on a real course.

The "chip shot" trainer costs about £140 in Japan and comes in a neat grey attache case is a standard driving mat of the kind used in Japan on urban golf ranges. The mat conceals magnetic sensors linked to a display screen on

which full details appear of the direction, speed and angle of your shot the moment you have made it.

The screen indicates the distance a ball will travel, in normal conditions, the angle of divergence from a perfect shot, and the distance the ball would land away from target (if this is more than 40 metres the letters OB for "out of bounds" appear). It also distinguishes between "heel" and "toe" shots and measures the angle by which the club diverges from straight at the moment of impact.

A selector button on one side of the screen can be used to set the trainer for whatever type of golf club is to be used. There are nine different choices including both wood and iron clubs. When a wooden club is used a small magnet has to be fixed to the base of the club to activate the sensors.

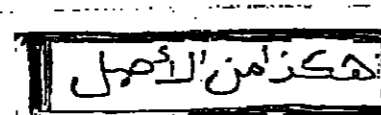
Mitsubishi began developing the golf trainer two years ago as part of what it describes as a "health industry" programme. The company claims golfers can play a complete game with-

out a ball on an imaginary course by simply working out from the data on the screen where each shot would take one.

It also believes that golfers who practice with the trainer will be able to correct defects in their play more quickly than if they only play with real balls on real golf courses.

The trainer seems likely to appeal strongly to city-bound Japanese golf addicts who lack either the time or the money to play on the inordinately expensive courses that ring cities such as Tokyo and Osaka, where a day's play on a first class course within reach of Tokyo can cost ¥18,000 (£41) including tax and caddie fees.

Mitsubishi hopes to sell 5,000 trainers a month in Japan and to start exporting within a year or so to the U.S. and Europe. All that is needed to use the trainer—although not all Japanese golf enthusiasts necessarily have that—is enough space in your living room to swing a club without hitting the furniture.



ENERGY REVIEW

The doubtful eldorado of Falkland oil

By Ray Dafter, Energy Editor, and Hugh O'Shaughnessy, Latin America Correspondent

ARGENTINA'S INVASION of the Falkland Islands has again focused world attention on what some reports would have us believe are huge undeveloped reserves of crude oil in that part of the South Atlantic.

During the past few days, when patriotic fervour has been running high on each side of the Atlantic, there has been speculation that the Falklands could sit atop oil fields containing as much as two, three or even 10 times the amount of crude as the North Sea. On the face of it, the oil would be deemed hand-some spoils of war by Argentines anxious to find new reserves.

But the true importance of oil in the long-standing dispute between Britain and Argentina is something that has puzzled many diplomats—and oil men. For so far, no-one has drilled a well in the vicinity of the Falklands and those who have drilled closer to the Argentine coast have been largely disappointed.

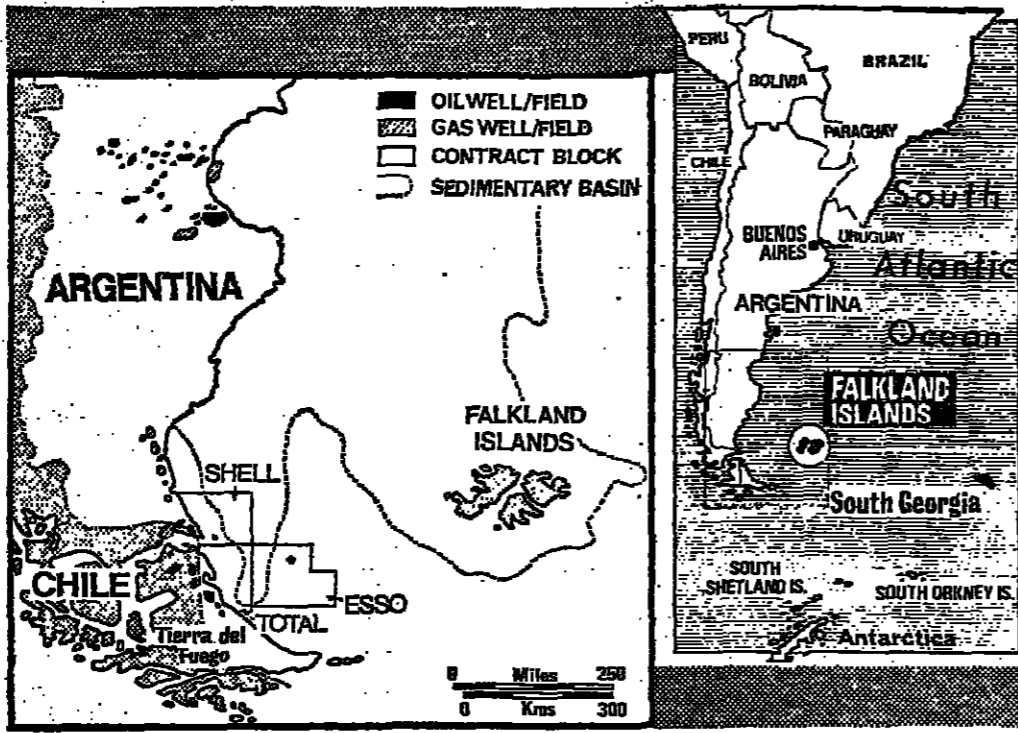
The Falklands sit in the middle of a bulge in a large sedimentary basin which extends down the southern Atlantic coast of Argentina. Authoritative estimates of potential reserves are scant although the Economist Intelligence Unit, in a recently published report on Latin America* points out that figures range around 60n barrels.

That tentative estimate should be set alongside Argentina's proven reserves of 2.65bn barrels—virtually all of it found on land—and the UK's proven reserves in the North Sea of 14.8bn barrels†.

World Oil magazine says that the state-owned oil corporation, Yacimientos Petroliferos Fiscales (YPF) is spear-heading a drilling programme aimed at boosting Argentina's proved reserves by a further 6.4bn barrels and turning the country into a net exporter. Some industry reports have suggested that Argentina could be a net exporter of around 300,000 barrels a day within the next few years. This is quite apart from the country's production of natural gas which, again, could be expanded.

The country will need to find a good deal more oil, if it is to achieve its aim of remaining at or near oil self-sufficiency over the next 20 years or so.

Argentina's production last year averaged 490,000 barrels a day, roughly in line with the level of domestic demand. However, output from many of



Failure to find additional oil would leave Argentina with a large import bill and even deeper financial problems

the older fields in the central and northerly parts of the country is fading fast. Oil industry reports suggest that new fields will have to be found and developed to provide almost half of Argentina's oil by 1990 and perhaps over two-thirds by the end of the century.

Failure to find all this additional oil would leave Argentina with a large import bill and even deeper financial problems. Oilmen, inside and out of the country, know it is a tall order. The portents are not favourable.

Some of the most experienced oil exploration groups—Shell, Exxon and Total—have been helping YPF in the search for new oil reserves in the South Atlantic between Argentina and the Falklands. Keen observers of the scene doubt if the recoverable reserves located by these groups in the past three years of drilling amount to as much as 100m barrels, quite probably much less.

This is poor reward for the investment and effort expended. Shell Hydrocarbons, a

Dutch subsidiary of the Royal Dutch/Shell Group has so far spent about \$160m, for instance. A group, led by Exxon's Esso subsidiary, agreed in 1980 to spend at least \$60m on exploration and an extra \$40m if drilling continued for a second four-year period.

Companies would be happy to spend more—particularly on development—given greater incentives. As it is they complain that terms of the contractual arrangements with YPF are far from attractive. One oil man commented: "In the world rankings of inducements, Argentina must be among the lowest in the world."

Proposals by the Argentine Government to make conditions more attractive for foreign oil companies have come under considerable political fire: in February Sr Deolindo Bittel, the vice-president of Argentina's major political grouping—the Peronist Party—said that he was "profoundly worried" by indications that the country's mining code covering natural resource exploration might be

liberalised.

Shell is known to have found oil in several wells including one success said to have flowed at a rate of 5,032 barrels a day. It is conceivable that this well—capable of a sustained flow of over 2,000 b/d—and others in the area could be linked to a fixed steel production platform although industry reports in South America indicate that Shell's discovery ranks as an economically marginal find.

The Esso group has tested oil at a rate of 3,144 barrels a day from a shallow well on its Tierra del Fuego Este I block, about 125 miles north east of Rio Grande in Tierra del Fuego.

In general, however, the oil companies have been disappointed with what they have found in offshore concessions. The sedimentary rocks in the areas licensed so far have not proved as productive as they might have appeared on the charts.

Which is why, perhaps, Argentina has been eyeing the Falklands somewhat more avidly. Oil may not have been the motive behind the invasion

of the Falklands but it still features prominently in the Argentine reckoning. On the other hand little is known about the oil prospects in the wind-swept waters around the islands.

A few years ago a Canadian team surveyed the area with the permission of the British and Argentine governments. Their data, sold to a number of oil companies, indicate that there could be several prospective oil-bearing geological structures around the Falklands. But only drilling operations will confirm or disprove the theories. Conditions and water depths are said to be generally akin to the North Sea. While winds around the Falklands can be more ferocious the wave pattern is less troublesome than in the UK.

While British authorities would have liked to have offered exploration licences to secure greater knowledge of the Falklands oil potential they have refrained because of the diplomatic wrangle with Argentina.

For similar reasons, the British Government has effectively prevented the Argentines from licensing an exploration block in the Magallanes Este area on what is regarded as the "putative" median line between the mainland and the islands. In a notice published in the International Herald Tribune in May the Foreign and Commonwealth Office warned that Britain would take "further action as necessary to preserve our legal position."

The notice had the desired effect. Companies were warned off. Another large area of a promising sedimentary basin had, in effect, been pushed out of bounds by the diplomatic dispute. It could be a very long time before oil companies feel confident to drill anywhere other than in the undisputed area off Argentina's coastline.

Farther to the south in Antarctica proper the prospects of finding large quantities of oil and gas are good, though perhaps they may not be realised for a decade or so yet.

The Falklands dispute has had its effect here as well since the British Antarctic Survey, which is the British presence in that slice of Antarctica which is claimed by Britain, used Port Stanley as an essential base and staging post for communications with Britain. The British Antarctic Territory runs from 80 degrees West to 20 degrees West and encompasses

most of the best known and potentially valuable part of the southern continent. Parts of the British Antarctic Territory is claimed by Chile and parts by Argentina and parts indeed are claimed by all three countries.

The basin of the Weddell Sea in the British Antarctic Territory is a prime prospect. The U.S. Geological Survey suggested in 1973 that the Weddell, Ross and Bellingshausen Seas could together contain 15bn barrels of oil. The following year the Soviet Union said the oil resources of Antarctica could surpass those of Alaska while Gulf Oil in 1979 said that the two best prospects in the Weddell and Ross Seas contain 50bn barrels and possibly much more. The barriers to getting the oil out, given the absence of any

May be the largest coalfield in the world

infrastructure and the presence of immense icebergs are daunting but the interest expressed in Antarctic oil by such companies as Atlantic Richfield, Gulf, Texaco and others shows that these are not seen as insuperable in the long run. Coal has been found in the Ellsworth Mountains in the British Antarctic Territory, part of a big deposit which appears to stretch right across the continent and may be the largest coalfield in the world.

It has however a low calorific value and a high ash content which has led to speculation that it might never be mined except perhaps for local use. Over the past three years interest in exploiting the fuel and other resources of the region has risen sharply and the signatories of the Antarctic Treaty, first signed in 1959, have got a long way in working out regulations under which exploitation would be allowed.

The most unlikely States, India, for instance and China, not to mention Brazil have thought it worth establishing a physical presence on the southern continent which would give them a better chance of success when the rush for Antarctica's fuel resources really gets under way.

* Quarterly Energy Review: Latin America and the Caribbean, 1st Qtr, 1982; Economist Intelligence Unit, London. † Worldwide Report, Oil and Gas Journal, Dec 28, 1981.

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WORLD TRADE NEWS

Trade Secretary who tried to square the circle

BY PAUL CHEESRIGHT, WORLD TRADE EDITOR

MR JOHN BIFFEN'S legacy as Trade Secretary is an attempt to see trade policy as a whole, not as a series of isolated decisions taken as a response to specific circumstances.



Mr John Biffen

He has not been wholly consistent. It has been difficult for him as for his predecessors to square the circle between, say, a restrictive imports policy on textiles from suppliers whose markets have been the target of a British export drive.

Partly, at least, the need to see trade policy as a whole, to reconcile imports policy with export needs, has been forced on him.

In the first place, the recession and the UK Government's handling of it has placed the domestic economy under such pressure that protests about imports ruining industry have been inevitable.

Secondly, the decision to hold a ministerial conference of the General Agreement on Tariffs and Trade (GATT) next November has forced the Government to think about the sort of trading system it wants for the rest of the decade.

Mr Biffen took the portfolio early last year with the reputation of being an arch-free trader. But the immediately live issues he had to deal with were textile imports.

Pragmatism in the face of a flawed system—an open trading system in its purest form does not exist outside a textbook—was the best approach.

Further, the most appropriate way to deal with Japanese imports was voluntary restraint agreements at an industry level. They were less visible, less troublesome than paying the costs of going through the GATT safeguards system.

Ten bidders for 'phone exchange factory

By K. K. Sharma in New Delhi

TEN foreign manufacturers of telecommunications equipment have bid for the first electronic telephone exchange factory to be established in India.

They include Fujitsu of Japan, Italtel of Italy, Thomson CSF of France, Philips of Holland, and Alcatel.

A notable absentee is LHM Ericsson of Sweden which last year tried hard for a contract for a telephone factory now being set up in Uttar Pradesh state.

Selection will take at least six months.

The electronic telephone exchange factory is part of a plan by the Indian Government to modernise the telecommunications system in the country.

Hindustan Teleprinters of India has entered into a collaboration agreement with Olivetti of Italy for the manufacture of electric typewriters and has paid the first instalment of technology know-how fees that will total Rs.4m (\$506,000).

Under the agreement, electric typewriters will be manufactured in India for the first time.

New Delhi is slowly but surely opening up its economy, writes Alain Cass, Asia Editor India's import package will boost trade

INDIA'S LATEST package of import liberalisation measures is an important boost to exporters.

The new measures, announced this week, aim to increase the flow of capital goods, raw materials and technology, lower the existing wall of protective tariffs and streamline the hideously complex import and investment procedures.

They follow similar measures implemented in 1978 and 1981 and are likely to be followed next year by further liberalisation steps.

The new measures, taken in concert with the award of an increasing number of big contracts in recent months to Western companies and a significant increase in India's overseas borrowing requirements, are a clear indication that the Indian economy is slowly but surely opening up to outside influence.

The liberalisation of India's import policy was a key condition laid down by the International Monetary Fund when it agreed at the end of last year to extend a record loan of \$2.7bn (\$3.1bn) for balance of payments support.

Relieved of its foreign exchange anxieties, at least for the three-year period of the loan, India now seems determined to push ahead with its ambitious sixth development plan buoyed by moderate inflation and steady growth.

Expenditure on the Sixth Five-Year Plan (1980-85) is projected at \$212.3bn. Energy and industry get the biggest share of investment. Aid and commercial borrowing are expected to provide up to 6 per cent of financing requirements.

India's efforts to expand and modernise five of its 11 refineries partly through World Bank loans, are under threat because of opposition by the U.S. It is possible that \$200m sought will not be approved, writes K. K. Sharma in New Delhi.

The World Bank share is being sought as part of a \$1bn programme to expand and upgrade five refineries in Bombay, Madras, Vishakhapatnam and Cochin. The Government will find the remaining \$800m from other sources and its own funds.

The Washington-based World Bank has recommended approval of the loan after studying it for more than 18 months, but reports in New Delhi say the U.S. has "raised questions" about the loan, and its sanction has been postponed.

generating sector which in 1982 was likely to achieve a capacity of no more than 1,000 MW against a planned output of 3,400 MW.

Tenders for exploration in the Bombay High off-shore field are being examined in a bold departure from previous policy and last week's Chevron contract will be the first of many.

Despite a healthy return on investment—around 20 per cent according to most companies—getting money out of India tends still to be delayed by archaic foreign exchange procedures.

India is also a high tax country with earnings subject to a withholding tax which is deductible at source.

This situation has been eased for British companies recently by the double taxation agreement.

It would be tempting to conclude from all of this that India and its potential market of 885m people have become an Aladdin's cave of opportunity and this week's new measures are the "open sesame."

But India is still plagued by infrastructural weakness, cumbersome red tape, corruption and nightmarish licensing procedures. Very few sectors, despite the new measures, are open to substantial foreign penetration. The import of foreign consumer goods and luxuries remains totally banned. Self-sufficiency is still the goal of India's economic strategy. This week's measures are no more than a step in that direction.

Japan against cutting car sales to Canada

TOKYO — Japan will not consider cutting its shipments to Canada in the current 1982 financial year which started this month, the previous year's level, Mr Shimtaro Abe, the international trade and industry minister, said.

Under the agreement, which ran out at the end of last month, Japan voluntarily limited its car exports to Canada to 174,000 units a year.

Mr Abe told a press conference the current financial year's level will be determined after talks with Canada.

Ministry officials said Canada recently asked Japan to limit car sales. Reuter

Turnout at Thailand's trade fair mixed

BY CHRIS SHERWELL IN BANGKOK

A MONTH-LONG international trade fair opened in Bangkok at the weekend, coinciding with the 200th anniversary celebrations of the founding of the city and the establishment of the present Royal dynasty.

Britain is not among the 12 foreign countries represented at the fair. Japan, the Soviet Union, North and South Korea, Belgium, Chile and the Philippines are participating at an official level. Italy, West Germany, Switzerland, Sweden and China are represented by agents.

About 400 companies are taking part in the fair, which was opened by Gen Pramarn Adreksarn, one of the country's deputy premiers. Although

Norwegians and Swedes in £70m Ecuador deal

By William Dullforce in Stockholm

ABV, Sweden's second largest construction company, and Hoyer Ellefsen of Norway have won a contract worth Skr 700m (£70m) to build a 150 MW hydro-electric power plant at Agoyan in Ecuador.

The contract, comprising a concrete dam, tunnels, pressure shafts and an underground power station, will be situated in the Andes mountains on one of the sources of the Amazon River.

It is scheduled to be completed in four years. The contract is the first ABV has won on the South American market.

Petrogal joins Angola oil search consortium

BY DIANA SMITH IN LISBON

PETROGAL, Portugal's oil monopoly, is making its first foray into exploration abroad, as a member of a consortium which will drill onshore in Angola.

Petrogal has a 10 per cent stake in the consortium, which will have Agip of Italy as operator and includes Elf of France and two Yugoslav companies.

Under a contract signed with Sonangol, the Angolan state oil company, Petrogal is committed to a minimum \$8m investment. Portugal will also begin to buy modest quantities of Angolan oil next year.

searched for oil in Portugal and found nothing. Recently, Exxon gave up after drilling two unsuccessful offshore wells. There had been hopes that the basin off the coast of the Algarve would yield similar natural gas reserves to those found in nearby Spanish waters.

Portugal's dependence on imported oil which accounts for 25 per cent of all its imports has gravely damaged its trade accounts in recent years.

Last year, it ran up a trade deficit of \$5.6bn—the worst in its history. The venture into Angola is a modest beginning, but it illustrates the strengthening ties between the two countries.

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ABN Bank ALGEMENE BANK NEDERLAND N.V. (Incorporated in the Netherlands) Shareholders invited to attend the ANNUAL GENERAL MEETING which will be held on Thursday, 22nd April, 1982 at 10.00 hours at 25, Waterloo Street, Amsterdam.

OBITUARY DOTT, GREGORIO D'AMICO—Dott. Gregorio D'Amico, 74 years, died on March 24th, 1982, at his home, 10, Rue de Valenciennes, Paris. He was a loving husband and father, and had devoted his entire working life to the family business.

FACT NEARLY 30,000 NEW CASES A YEAR are diagnosed in this country alone. It is DIABETES. Join us — Help us Support us BRITISH DIABETIC ASSOCIATION 10 Queen Anne Street, London W1M 0BD

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مركز الامم المتحدة

Small companies aid project opens on Merseyside

BY IAN HAMILTON FAZEY

The Small Business Centre, designed to help service companies to start up, was opened in a converted primary school in Birkenhead, Merseyside, yesterday.

The project has cost about £100,000 to start, and 12 small companies are renting a classroom each for £30 a week.

The 12 include an accountant, a secretarial agency, a painting contractor, a building and electrical contractor, an export agency, a computer-based management information service, a home security expert, a catering company, North Sea project engineers, and industrial cleaning specialists.

The £30 rental includes rates, cleaning, lighting, heating and all local telephone calls. The companies use a common switchboard, which is always staffed. The secretarial agency and the accountant have found clients among their neighbours.

Another 24 small service companies had to be turned away by the centre's owner, In Business, a non-profit-making organisation sponsored by Unilever, Wirral Borough Council and Wirral Chamber of Commerce.

The centre is also the headquarters of In Business, which has a permanent staff of four funded by Unilever, the Wirral's largest employer.

Mr Paul Farrow, general manager of In Business, said yesterday: "If you are a small service-based organisation it is

very difficult to find suitable premises, as we discovered when we tried to find somewhere for ourselves.

"The other big bugbear of most one-person or two-person companies is loneliness. The centre solves that problem, as well as providing telephone reception and secretarial services."

The idea of converting schools was one promoted by Mr Michael Heseltine, Environment Secretary, after his fact-finding stay on Merseyside following the Toxteth riots last summer. The concept, however, has so far centred on setting up enterprise workshops for craftsmen, where young people could also be trained.

"The cost of the centre included refurbishment and the relocation of a technical college department. The Environment Department's inner city programme funds provided £75,000. Wirral Borough Council, which pioneered 500 sq ft of small industrial units in the area and the creation of 500 new jobs as a result, provided the balance.

In Business, an enterprise agency intended to help new companies, yesterday reported nearly 500 inquiries in its first year. More than two-thirds of these were from people starting new businesses.

Mr Farrow said at least 200 new jobs had already been created. Inquiries are running at about 60 per month.

Power plant company arrives internationally via Taiwan and India

Hazel Duffy looks at prospects for National Engineering Industries

IN THE mid-1970s the Central Policy Review Staff (or Think Tank) argued that rationalisation of the British power plant industry into one boiler-maker and one turbine generator manufacturer was necessary if the industry was to maintain its international rank.

The rationalisation did not take place and, since the report, the manufacturers have been battling for overseas business on their own.

Northern Engineering Industries was formed from the merger of Clarke Chapman and Parsons. The merger followed the failure of the rationalisation advocated by the Think Tank.

NEI has been the weakest of the three major companies, NEI, GEC and Babcock, as far as overseas orders have been concerned.

None the less, the prospect of NEI Parsons, in consortium with Combustion Engineering in the U.S., winning a nuclear power station contract from Taiwan, and the Indian Government's choice of NEI as the lead contractor for a planned coal-fired power station, could mark the group's arrival in the highly competitive international market. It has been waiting for this and may now claw back some of the markets which Parsons used to serve.

One of NEI's prime aims was to increase the group's chances of competing for turnkey contracts. However, until the Indian government last week announced it had chosen the consortium to lead a British consortium into a negotiated con-

POWER PLANT EXPORTS 1975-87 (ORDERS TAKEN)
Showing major export markets and manufacturing countries

	Imports GW %	France GW %	Germany GW %	Italy GW %	Switzerland GW %	UK GW %	U.S. GW %	Japan GW %	Comecon GW %	Other GW %
Western Europe	41.2	18.4	6.8	38.0	11.2	29.2	1.2	17.6	18.0	33.9
North America	42.0	18.8	0.4	2.2	6.0	15.6	0.0	0.0	14.5	49.1
Latin America and Caribbean	50.1	22.4	3.5	19.6	8.8	22.9	2.5	36.8	1.6	5.4
Far East and Australasia	52.2	23.5	1.0	5.6	4.5	11.7	0.6	8.8	2.3	7.8
Near East and Africa	37.6	16.8	6.2	34.6	7.9	20.6	2.5	26.8	1.1	3.7
Total	223.4	100.0	17.9	100.0	38.4	100.0	6.8	100.0	29.5	100.0
Market shares (%)	100.0	8.0	17.2	3.0	13.2	13.2	7.9	24.9	7.3	5.2

Sources: SFRU Turbine Generator Data Bank

tract for the Singrauli power station, it had only a small power station in the Sudan to its credit.

The Indian decision was influenced heavily by an attractive financial package, including British government aid, which tends to be an important feature of many such turnkey contracts in developing countries.

The Taiwan contract, however, will be awarded following an international tender in which several of the world's leading manufacturers have participated.

British exports of power plant equipment have declined significantly over the past 30 years, from 22.2 per cent in 1955 to 8.7 per cent in 1978. The U.S. industry has suffered similarly while continental

European countries and Japan have increased their shares.

A recent report on the European power plant industry outlines the events which have led to this decline. The main export markets for power plant fall into three categories as illustrated in the table.

It should be pointed out that the U.S. has also been an important export market for some European producers:

a) Smaller "peripheral" markets in Europe, which do not have their own power plant engineering capability, such as Belgium, Denmark, Greece, Ireland, Netherlands, Portugal and Spain.

b) Former British dominions—Australia, Canada, South Africa and New Zealand. These were formerly the natural preserve of the UK but the Japanese have made huge inroads in

where the UK power station programme is erratic, has achieved a good record in overseas markets.

Last year, it won the overall contract for the second phase of China Light and Power's Castle Peak station, for instance, and also landed a contract to supply turbine generators to western Canada against Japanese competition.

Both GEC and Babcock have done well in South Africa, which has also been a good market for France and West Germany. The South Africans, however, require an increasing local content to be built into their contracts.

The power plant manufacturers have seen themselves traditionally as suppliers of equipment, but there is a growing necessity for them to offer turnkey contracts if they are to win orders. Both GEC and NEI have recognised this, but it is also important that the UK Government is convinced that it has a part to play, which might well involve a flexible attitude towards aid.

Political considerations have been a major factor in the decision last week of the Indian government to go for a British consortium. This awareness on the part of government has made it easier for a single British bid to be put forward rather than competing bids as has happened in the past.

The European Power Plant Industry: Structural responses to international market pressures. John Surrey and William Walker. Sussex European Papers No. 12. £4

Drop forging sales have been halved since 1973

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

BRITAIN'S drop forging industry, which has shed 30 per cent of its labour force in two years, faces another difficult year, according to Mr Frank Brown, president of the National Association of Drop Forgers and Stampers.

The association's annual report shows that deliveries last year slumped to a record low of 278,316 tonnes—half as much as in 1973.

The drop forgers, who are key suppliers to the automotive and engineering industries, provide a good indicator of manufacturing performance. Over the past two years, they have axed nearly 7,000 jobs, cutting the workforce to 15,600.

The report states: "Recession has not lasted this long before, and, for the first time in industrial history, we have entered a third year still engulfed in the same recession."

The slump, according to the report, followed the loss of international competitiveness caused by the rise in the value of sterling and the rapid pace of domestic inflation. British manufacturers lost their share

of foreign markets, while imports increased.

More important, says the association, manufacturing industry was carrying massive stocks and, as demand slackened and high interest rates caused an expensive cash drain, companies began selling from their warehouses rather than from the production lines. Deliveries of drop forgings in 1981 were 18.3 per cent down on 1980 and 38.7 per cent down on 1979.

The report says component producers and car manufacturers would take some comfort from a forecast improvement in the British market this year, but commercial vehicle manufacturers were still "picking themselves up off the floor and counting the survivors after a disastrous 12 months."

In the tractor sector, heavily dependent on exports, output had fallen to a low level and any improvement this year was likely to be small.

"The recession has finally caught up with the aerospace industry too, and, after several years of success, the next 12 months are likely to be a time for retrenchment."

College teacher loses fight to claim unfair dismissal

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

A TEACHER who, for eight years, accepted contracts which excluded the summer holidays, was not entitled to make a case for unfair dismissal, the Court of Appeal decided yesterday.

The court dismissed an appeal by Mrs G. A. Ford against an industrial tribunal's refusal to hear her unfair dismissal and redundancy complaints against Warwickshire County Council. Lord Justice Stephenson ruled she had not worked continuously because she took contracts for less than a year, rather than the whole academic year.

The judge said that from September 1971 to July 1979, Mrs Ford worked at one of the council's colleges of further education.

She had been employed under a succession of fixed term contracts, ending each July. None gave her a right to another contract, and when each expired all she had was the hope of another in September.

Year after year hope had not been long deferred, and contract succeeded contract. But her expectations had never hardened into an enforceable obligation.

There had never been any contract covering the weeks of the summer holidays. Mrs Ford argued she had then been absent from work because the work had ceased temporarily.

The council contended that her absence resulted from the expiry of her contract.

The appeal court upheld the decision of the tribunal that Mrs Ford had effectively contracted out of the redundancy and unfair dismissal rights in the 1978 Employment Protection (Consolidation) Act by accepting contracts, which were for less than a year and excluded holidays. She thus did not qualify for the provision in the law.

The summer holiday weeks broke the continuity of her employment, both in fact and in law, said the judge.

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White Paper accuses industry of neglecting postgraduate education

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

INDUSTRIAL leaders were accused in a Government White Paper yesterday of neglecting their responsibility to post-graduate education...

importance of its taking a large part in deciding post-graduate policies. Those who employ post-graduates and have knowledge of their use in industry must, we believe, accept a fuller share of responsibility for decision-making in this area...

master's degrees. The research studies were particularly criticised for the low and slow rate of submission by students of their doctoral theses, especially in social sciences...

out those unlikely to succeed. Regular, formal checks should also be made of the student's academic supervisor. The research councils should thoroughly review their post-graduate policies every four years...

ment, people with postgraduate degrees tended to earn lower salaries than people with comparable bachelor-level degrees who went straight into employment. Loans instead of grants to most postgraduate students were therefore not justified.

tenance costs from an employer, by borrowing, or from their own pocket. There seemed to be no good reason why management should be taught to people without working experience at post-graduate level, the report added.

postgraduates in engineering was evidently very small, the report said. New PhDs in engineering have no difficulty in getting jobs, but they seem to get the same jobs, at the same salaries, that they could have got three years earlier when they graduated.

Research grants for jobless scientists

By David Fishlock, Science Editor

THE WOLFSON Foundation has allocated £750,000 a year for the next few years to help young scientists and engineers who find themselves out of a job because of cuts in industrial research and development programmes.

Holiday trade faces deepening problems

By Arthur Sandles

DEEPENING problems for Britain's package tour operators—struggling this week with the falling value of sterling—are suggested by the fact that nearly one-fifth of the companies seeking to renew their operating licences failed to do so by April 1.

There have been early season indications of a sharp drop in holiday bookings for this summer. More than 300 licences (of a total 660) came up for renewal this spring.

The travel industry is alive with rumours of the CAA being much stricter in its vetting of companies since the Laker collapse and the demise of the Erna Law travel operation.

TheCAA, however, insists that its attitude has not changed, but that the companies themselves are having problems. "The trade generally had a troubled year last year," says the authority.

I understand that in some cases the authority is asking for further capital injections, the very move that finally provoked the Erna Law company collapse. It is empowered to do this even when companies are able to put up the necessary 10 per cent of projected turnover bond required for an Air Tour Operator's Licence.

The list of companies which had not received licences by April 1 includes many where there had been an administrative hold-up. A postal delay or some other innocent explanation usually accounts for the bulk of the list.

Meanwhile the travel industry faces further potential difficulties with the fall of sterling to about 1.76 against the U.S. dollar. Most tour operators have a maximum surcharge of 10 or 12 per cent in their guarantees, after which customers can cancel without penalty.

This year's holiday prices were based on a dollar rate of 1.94. This directly affects holidays to the U.S. and the fuel element of all flights overseas.

British Rail advertising criticised

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

BRITISH RAIL'S advertising of its complex fares policy is criticised today by the Advertising Standards Authority, the consumer watchdog for the advertising industry. The authority, in its latest report on complaints investigated, says it has this month adjudicated on an unprecedented number of complaint reports against one national advertiser.

prompted Lord McGregor, the authority's chairman, to take the unusual step of directly contacting Sir Peter Parker, BR's chairman. Out of the seven complaints investigated by the authority this month into the BR Board, three were upheld without question, two were rejected and in the remaining two cases the authority was severely critical.

The authority, in its latest report on complaints investigated, says it has this month adjudicated on an unprecedented number of complaint reports against one national advertiser. Moreover, it says the complaints about BR show "a lamentable record of carelessness and lack of attention to detail."

The complaints policy had, however, already come in for criticism from consumer groups for being too complex. One investigation was based on three complaints from members of the public. It involved BR offering cut prices for annual season-ticket holders buying standard and off-peak return tickets.

The authority's concern at the level of complaints has prompted Lord McGregor, the authority's chairman, to take the unusual step of directly contacting Sir Peter Parker, BR's chairman. The ban, it is alleged, is maintained by the French, who sees EEC loans for sugar projects aiding mainly, if not solely, British companies.

The point was pressed home at the first technical meeting of the British Society of Sugar Cane Technologists, a new body uniting an industry which, said Dr Mike Bennett, its president, had earned £1bn for Britain over the past ten years.

Dr Bennett, of Tate and Lyle, said half of the sales had come from engineering to equip 25 new sugar factories and another 13 major extensions round the world. The industry, world leaders in sugar technology, had earned eight Queen's Awards for technological or export achievements.

But the industry's development in the next decade was threatened from two quarters, Dr Bennett said. One threat came from growing competition in sugar processing equipment, notably from the Far East. The other was that the cost of developing a new sugar project had soared while the price of sugar remained static "at a level somewhat below that necessary to sustain a healthy and profitable business."

A new fully integrated sugar project could mean an investment of between \$100m and \$200m and a capital cost of \$1,000 to \$2,500 per ton of sugar per year, said Mr Sandy McGillivray, of Booker Agricultural Industries. He stressed the importance of developing the social infrastructure, which could seriously delay such projects.

ments for its fares policy, aimed at encouraging off-peak travel to fill empty trains outside rush-hours. The pricing policy had, however, already come in for criticism from consumer groups for being too complex. One investigation was based on three complaints from members of the public.

BR's advertising leaflet was at fault. The offer should not have referred to standard day returns. Another complainant tried to buy a West Glamorgan-to-London ticket for £8.50 as advertised for those with monthly rail-cards.

The complaint was held subsequently that the reduction was available only if more than one passenger was travelling. The authority upheld the complaint that the advertisement was misleading. In another complaint it was the booking office at Gravesend, Kent, that was at fault, for an administrative error.

The new drilling concessions cover some of the most beautiful areas in the South West. One group of four licences extends to the south, east and north east of Yeovil in Somerset. Companies holding production licences are entitled to drill for—and produce—oil and gas, subject to planning consent and the permission of landowners.

The eastern sector includes a 250-bedroom hotel, private town housing and further parking for 1,000 cars. The two sectors are to be linked by the new civic square fronted on one side by a shopping complex and the other by the hotel. The shopping, leisure and office sections are to be covered by glass.

Work should start in the autumn and the western section should be completed by 1985. The board said its exports were priced in strict accordance with the European Coal and Steel Community rules which did not permit undercutting to secure business at the expense of a third party.

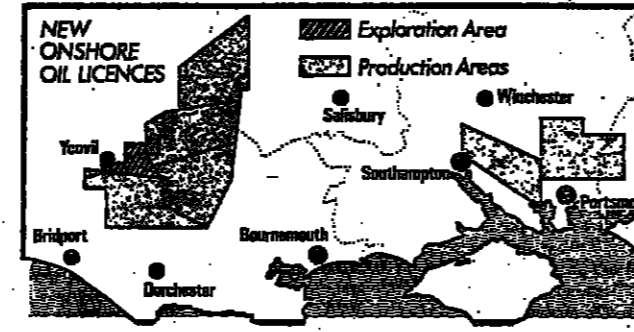
"No complaint has been made by a competitor that the board are undercutting them and taking away their business, which there certainly would have been if there were any question of unfair trading," Sir Derek Ezra, the NCB chairman, said in a letter to the committee. "In fact, almost all the board's current contracts with continental customers are at a delivered cost above that of third country coals of comparable quality."

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"Maximum priority is being given to finding these increased markets within the UK but additional business of the size required had only been available on the Continent."

Six onshore drilling licences awarded

BY RAY DAFTER, ENERGY EDITOR



THE GOVERNMENT has awarded six oil and gas production licences covering 537 square miles of countryside in Wiltshire, Somerset, Dorset, Hampshire, and West Sussex. The licences, announced by Mr Nigel Lawson, Energy Secretary, have been granted to two drilling consortiums, each led by Carless Exploration.

Carless had previously held the exploration licences in the area. The new drilling concessions cover some of the most beautiful areas in the South West. One group of four licences extends to the south, east and north east of Yeovil in Somerset.

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Lloyd's 'entitled to defer meeting'

By Raymond Hughes, Law Courts Correspondent

THE committee of Lloyd's was entitled to defer a meeting to consider the expulsion from the insurance market of Mr Reid Wilson until after a related disciplinary arbitration involving Mr Christopher Moran. A High Court judge ruled yesterday.

Mr Justice Dillon said that the committee, which was concerned to avoid the possibility of Mr Moran's proceedings being prejudiced, had a discretion not to convene the Wilson meeting "forthwith," which it had been called upon to do by a requisition signed by 27 members of Lloyd's.

The judge gave his decision in open court after hearing argument about the validity of the requisition in camera. He said that Lloyd's two-stage disciplinary procedure—an arbitration followed by a members' meeting—had been operated separately against Mr Wilson and Mr Moran, whose cases arose out of the same facts but did not involve the same charges.

In January Lloyd's committee had announced that in his arbitration Mr Wilson had been found guilty of "acts and defaults discreditable to him as an underwriter." But it said that a date would not be fixed for the meeting to consider his expulsion until the conclusion of the Moran arbitration, scheduled for July.

Mr Wilson wanted the meeting earlier. He had stated in evidence that he had been without employment since last June and any further delay would increase the financial consequence to him of Lloyd's chairman, Mr Peter Green, had stated that the committee's view was that if the Wilson meeting preceded the Moran arbitration there would be a risk of Mr Moran being irretrievably prejudiced.

Mr Moran had expressed the view that it might be highly prejudicial to him if the Wilson meeting came first. On February 1, 27 members of Lloyd's lodged a requisition requiring the committee "forthwith to convene a... meeting for the purpose of determining... whether Mr Wilson... shall be excluded from membership."

There was obvious force in Mr Wilson's view that he was prejudiced by the delay; equally, there was force in the view that the Moran arbitration must not be prejudiced, said the judge.

The power to requisition a meeting was a very important power in the scheme of the administration of Lloyd's, because it was the essential link in enabling the members to control and regulate the committee.

Mr Donald Rattee, QC, for Mr Wilson, had argued that the requisition required the committee to convene a meeting "forthwith," and that it was not entitled to defer the meeting to a date which would frustrate the object of the requisition.

Fisons to close more fertiliser plants

FISONS, the UK-based chemicals group, is shutting more of its fertiliser plants with the loss of 20 jobs. The closures—part of a general restructuring programme—will probably be the last before Fisons' £50m sale of its fertiliser division to Norsk Hydro is finalised. The company is closing its works at Stanford-le-Hope in Essex where it has a nitric acid and an ammonium nitrate liquor plant. A total of 100 jobs will be lost at the plant. Fisons is also "mothballing" one of its two granulation plants at Ipswich with the loss of 120 jobs.

Haughey hints at Ulster ship order

MR CHARLES HAUGHEY, the Irish Premier, has indicated to unions representing 7,000 workers at the state-owned Harland and Wolff shipyard in Belfast that the Irish Republic will consider placing an order for a 120,000 tonne coal-carrying ship with the company. Mr Haughey had talks in Dublin with unions and shop stewards representing the predominantly Protestant labour force at Harland and Wolff. The meeting was arranged by Northern Ireland's main Roman Catholic party, the SDLP.

Holiday Hall wins £18m CEBG work

HOLIDAY HALL, a member of the Matthew Hall Group, has been awarded a contract valued at more than £18m by the Central Electricity Generating Board for work on the Heysham 2 nuclear power station. The work covers the main cabling, lighting, earthing and ancillary installations on the power station currently being built near Heysham, Lancashire. Heysham 2 is one of two power stations under construction using the Advanced Gas-Cooled Reactor system and will supply 2 x 660 MW when fully commissioned.

Deadline on selective grant applications

THE GOVERNMENT has set an April 30 deadline for the receipt of selective grant applications from companies in those development areas which are due to lose their regional aid status in August.

Advertisement for Central Hotel Glasgow and Crawford's Whisky. Includes text: "Spend a night in the 4 star Central Hotel Glasgow And enjoy a bottle of Crawford's Whisky." Features an image of a Crawford's Whisky bottle and the Central Hotel logo.

Gill misconduct claims 'unsupported'

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

NEW ALLEGATIONS of what amounted to misconduct were being made against Mr Jack Gill, former deputy chairman of Associated Communications Corporation, and others, without being supported by evidence, a QC complained in the High Court yesterday. Mr William Goodhart, QC, for Mr Gill, said it would be most unsatisfactory if, as had been suggested, only "purely formal" evidence were to be put in to support the allegations.

Channel link would be financial disaster, says report

BY ANDREW FISHER

DOVER HARBOUR and the major UK ferry companies, which stand to lose most if a Channel tunnel is built, yesterday reaffirmed their opposition to such a project. Sir William Harris, chairman of Dover Harbour Board, said a tunnel or bridge link with the Continent could be "another Concorde" on the public purse.

Channel link would be financial disaster, says report

Channel operators "The claimed benefits of a tunnel or bridge are almost entirely illusory," said Sir William. "They will not create jobs, only long-term unemployment, and financially will not be able to compete with the ferries."

Channel link would be financial disaster, says report

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Channel link would be financial disaster, says report

The Government insists that no public money should be spent by the UK on a tunnel project. The UK and French governments now await a report by the Anglo-French study group before deciding if the project should go ahead.

Channel link would be financial disaster, says report

that period, while a bridge could make a £12m profit. The results would be better financially if the Government intervened in a project to guarantee profit levels or encourage a price cartel between the tunnel and ferry operators. But it would mean higher prices for passengers.

March 12, 1982

This announcement appears as a matter of record only.

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Banque Nationale de Paris
Banque Veres et Commerciale de Paris
Caisse Centrale des Banques Populaires
DIE ERSTE oesterreichische Spar-Casse
Equitable Trust Company
F. van Lanschot Bankiers, N.V.
The First Jersey National Bank
The Fort Worth National Bank



Irving Trust

Agent

UK NEWS - LABOUR

Power engineers vote to oppose any no-strike deal

BY BRIAN GROOM, LABOUR STAFF

ANY HOPES that the Government may still entertain of reaching no-strike agreements with powerful public sector union groups were dealt a blow yesterday by one of Britain's most moderate unions, the Electrical Power Engineers' Association.

The annual conference of the EPEA, representing 34,000 engineers and managers in the electricity supply industry, voted overwhelmingly on a motion "not to enter into any agreement with the employing boards that removes the right to strike."

The engineers threatened to use that right in the near future. Mr John Lyons, general secretary, told them that the electricity boards "are on a collision course with us over pay."

Whether it came this year or in any of the next three was partly a matter of tactics, Mr Lyons said. But unless the

boards changed their attitude "industrial action by our membership is very possibly unavoidable."

This year's pay settlement is delayed until a deal is reached with the industry's 90,000 manual workers. But Mr Lyons said it was already clear that the employers would try to squeeze the differentials between engineers and managers, which were likely to be used as "the meat in the sandwich" between a Government-imposed 4 per cent for board members and a much higher settlement for manual workers.

The manual workers have been offered a package which, the Electricity Council claims is comparable to the miners' 9.3 per cent average increase, though union leaders calculate it to be worth something approaching 8 per cent.

The EPEA is seeking the same percentage increase as the manual workers but wants

its linking arrangements with the pay of manual groups adjusted to reflect changes which have occurred since the link was established.

Mr Lyons said this was being misrepresented by some management officials as a claim this year for 9 to 14 per cent rise above those agreed for manual workers. In fact the EPEA was proposing to phase the adjustments in over a period of years, he said.

The union should not sell its weapon of last resort for "30 pieces of silver," he said. Workers should have the right to withhold labour, just as investors—including the Government—had the right to withhold capital.

The EPEA has agreed to increase financial support to the Engineers and Managers' Association, of which it is the dominant and founding constituent group.

AUEW executive backs draft for BL reforms

BY JOHN LLOYD, LABOUR EDITOR

LEADERS OF the engineering union yesterday approved the draft agreement aimed at reforming industrial relations at BL.

The executive of the Amalgamated Union of Engineering Workers decided that the agreement did not contravene the principles laid down by the TUC on the Employment Bill, endorsed by the special conference of union executives.

Union negotiators at BL had wished to see union membership a condition of employment in the company, and to have a clause written in banning the use of unlicensed contractors. However, BL refused, since these terms would contravene measures in the forthcoming employment legislation.

AUEW stewards meet today in Birmingham to discuss the agreement, followed tomorrow by a meeting of stewards from the Transport and General Workers Union.

A strike by 470 plant shop workers at BL's car body plant at Cowley, Oxford, has been called off. The dispute, over new production targets, halted work yesterday on the new Triumph Acclaim and Ambassador models at the neighbouring car assembly plant.

Mr David Bassett, general secretary of the General and Municipal Workers Union is to seek an urgent meeting with Mr Ken Dixon, chairman of Rowntree Mackintosh, in an effort to avert industrial action by the group's 8,500 workers.

Weighell warns British Rail on wage fund cuts

By Our Labour Staff

MR SID WEGHELL, general secretary of the National Union of Railwaymen, yesterday warned that the union would oppose "tooth and nail" any attempt by British Rail to cut costs by reducing funds allocated for wage rises.

Mr Weighell, who has recently returned from abroad, used a rally of retired railway staff in London to urge the British Railways Board to reconsider its decision to accept the Government's funding plan.

Last week Mr David Howell, the Transport Secretary, announced an £804m grant for the BRB this year, at effective cost of £15m on the 1981 grant, after adjusting for inflation. The BRB had asked for £855.2m this year.

Nurses' pay

LEADERS of Britain's 500,000 nurses and midwives yesterday failed to persuade management on the national Whitley Council to agree to send their 12 per cent pay claim to arbitration. The employers maintained that they could not improve on their 6.4 per cent offer. With the exception of the Royal College of Nursing, the health service unions have called a one-hour stoppage on April 14.

Farm union merger delay

BY DAVID GOODHART, LABOUR STAFF

LAST MINUTE complaints from three members of the National Union of Agricultural and Allied Workers have held up plans for a merger with the Transport and General Workers' Union.

The merger, which was due on Monday—will have to wait for the outcome of a public hearing held by the Certification Officer in Birmingham later this month.

13 complaints were lodged with Mr Alan Burridge, the

Certification Officer, but only three were considered substantial under the terms of the 1964 Trade Union (Amalgamation, etc.) Act.

All three came from farm workers in the Birmingham area. One complaint is over the distribution of ballot papers and the other two allege that the NUAAW deliberately exaggerated its financial difficulties to drum up support for amalgamation.

Manning barricades at Massey

MASSEY FERGUSON is one of Coventry's biggest employers—the Banner Lane assembly plant being one of the largest in the West. And, in fact, the performance of the Canadian-based multinational has kept pace with the city's ups and downs.

With postwar prosperity and the growth of Coventry as Britain's motor car city, Massey expanded. The company knew nothing but growth up to the early 1970s.

More than 6,000 workers were turning out 90,000 units a year either as finished tractors or kits for assembly overseas. About 90 per cent of sales were exported mainly to the Third World.

Over the past four years, Massey-Ferguson, and Banner Lane in particular, has taken its share of setbacks as Coventry's manufacturing-based economy has shrunk under the impact of international competition.

Unemployment in the city is running at 15.6 per cent and rising. A campaign is in full swing for the city to be given special area status.

For Massey, the particular problems were caused by the slump in world tractor sales, high interest rates, the strength of the pound, and political and economic disruption in key markets.

Massey-Ferguson's worldwide labour force shrank from 68,000 in 1976 to 37,000 and last year and it was forced to launch a massive re-financing programme to ensure survival.

In Coventry, about 2,000 jobs had been axed in a series of economies even before the latest call for 725 redundancies. Output from the Banner Lane plant at 45,000 units, is little more than half that of a decade ago.

The difference in the latest cuts is that jobs must go not because of falling orders but to make the Coventry plant competitive.

Mr Harry Hebden, managing director of Massey-Ferguson (UK), has warned workers that so serious that unless costs can be held down, the company faces the prospect of going out of business with the loss of 4,000 or more jobs in Coventry alone.

The position is different for Mr Jimmy Dunn, the imposing Transport and General Worker Union covenor, whose influence tends to sway the Massey workers. A former wartime Grenadier Guardsman, he assumes a military but relaxed leadership.

He is prepared to laugh at himself. Elected 13 years ago as covenor he says: "They picked me because I was the biggest and the ugliest one around. There was no choice."

But over that period the shop stewards' movement at Massey has gained an identity of its own. It tends to be out of the control and influence of full-time officials.

"We do things our own way," he says. Indeed, there is a surprising identity of interest among the Massey workers. They run their own charity schemes. "At the time of the Birmingham bombings by the IRA I had shop stewards there within hours handing out money to help those affected," Mr Dunn boasts.

He maintains: "We cannot accept that management has the right to walk down on the shop

Arthur Smith looks at the mood of workers at a leading tractor plant hit by a dispute over job cuts

floor and pick and choose who should go. We cannot accept compulsory redundancy."

The bulk of the 725 job cuts that the company called for by April 1 had already been achieved through volunteers, but Massey insisted the outstanding balance of 170 manual jobs had to be pushed through by dismissals. It is the first time the company has resorted to compulsory redundancies.

Union demands for work-sharing as an alternative have been rejected as "unworkable" by the management.

The shop stewards' method of pressing home the strength of their feelings—occupation of the plant and its 18-storey offices—underlines the individuality of Massey-Ferguson negotiations. "We had to show them we are the ones with the hairy legs. We are no push-over," is Mr Dunn's colourful explanation.

Occupation has become a feature of his leadership. During a troubled 11-week strike in 1977 Massey had to go to the High Court to regain possession of its buildings.

This time occupation was used only as an initial protest. Fewer men are needed to picket the plant. Tractors and

pallets of heavy components have been dragged across gateways. The barricades have gone up and staff prevented from entering.

This time the company has opted for legal action normally related to the eviction of squatters from empty buildings. The fact it has not pursued the issue through the 1980 Employment Act and its attendant code of practice suggests an unwillingness to get involved in any dispute with political overtones.

Both unions and management appear to have adopted entrenched positions but seem anxious not to inflame emotions. The company issued an ultimatum that unless workers reported for duty last Monday, work would be transferred overseas and the present volunteers for redundancy would be replaced with sackings on a "last in first out" basis.

So far the company has only said that "one significant order" has been placed overseas. Whether this would be a permanent loss to Coventry depends on the length of the dispute.

One hope is that the uncertainty provoked among the workers by company threats, fear of unemployment, and the prospect of lump sum redundancy payments could cause a rush of volunteers to leave.

That would defuse the present confrontation, which both sides may secretly fear could lead to the collapse of the company.

The unions are in a weak position. The fact that most of the 170 men to go have already been named will make it difficult to sustain the dispute. Why should workers who know their job is safe risk it for the sake of a principle?

Such cynical views could, however, be overturned by the emotions of the picket line in a city that prides itself on its tradition of union solidarity.

Huddled against the fire at Gate 2 on a midnight picket, one worker, whose job was safe summed up the feelings: "This business of voluntary redundancies is sick. It creates a dog-eat-dog atmosphere. I saw it at Chrysler with its rundown in Coventry. When I came here I thought I had found something different."

Asked whether he should fight someone else's battle, he nodded towards a colleague who expected to be among those dismissed: "He's my mate. We do things together."

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UK NEWS - PARLIAMENT and POLITICS

Prime Minister fails to satisfy MPs over claims about intelligence reports of Falklands invasion

Defiant Thatcher rejects calls for resignation

BY JOHN HUNT

A DEFIANT Mrs Thatcher rejected Labour calls for her resignation yesterday amid further rowdy scenes in the Commons over the Falklands crisis.

"No," she declared. "Now is the time for strength and resolution."

Just as she sat down at the end of PM's question time, she announced that Britain had decided to impose an embargo on all imports from Argentina from midnight last night.

She turned down a Conservative suggestion that Britain should attempt to get a UN resolution on economic sanctions against Argentina. This,

she thought, would not be successful.

During lengthy and noisy exchanges she failed to satisfy the Opposition and some Conservative MPs about newspaper claims that British intelligence had reported that an invasion was imminent nearly a week before it took place.

Backed by shouting Labour MPs Mr Michael Foot, Opposition leader, repeatedly pressed her on this point.

The invasion took place in the early hours of last Friday, April 2. British newspaper reports emanating from Buenos Aires have claimed that defence chiefs had intelligence

dispatches the previous Saturday, March 27, suggesting a full-scale invasion was planned.

Mrs Thatcher did not deny the newspaper articles but said there was a great deal of confusion in them.

Shouting to make herself heard above the hubbub, she would only say that the precise time the Government had information that an invasion fleet was on its way was last Wednesday evening, March 31.

As Mrs Thatcher took her seat for question time, she was greeted with a chorus of "resign" and "get out" from the Labour benches. Mr Bob Cryer (Lab Keighley) accused

her of using President Reagan's forthcoming visit to shore up her "falling position." He reminded her of a prayer of Sir Francis Drake.

To underline her resolve Mrs Thatcher quoted the prayer back to him: "It is not the beginning but the continuing and doing of the same until all be well and truly finished."

There were Conservative cheers when Mr John Browne (Con, Winchester) assured the Prime Minister she had the overwhelming support of the House and the nation.

He asked whether it was the intention to destroy the Argentine invasion fleet and whether the long-term security of the islands could be assured

by placing a Nato base there.

Mrs Thatcher told him the mission was to restore British sovereignty over the islands. She did not think at Nato base would be a practical proposition.

Mr Foot, dissatisfied with her answers about the intelligence reports of an invasion, called for a further explanation of this point to the House in today's full-scale debate on the Falklands.

Retorted the Prime Minister: "No, I have given accurate information which I myself know and the action I took at the time when I received it." This met with an indignant chorus of "No, No" from the

Opposition.

Mr David Steel, the Liberal leader, pointed out that Mr Richard Luce, who resigned as Minister of State in the Foreign Office, had said in a weekend interview that the Government had a warning of an attack on the Falklands about a fortnight ago.

He called on the Prime Minister to clear up this discrepancy.

Mrs Thatcher again said that the precise nature of the threat to Port Stanley only became known to her last Wednesday. She did not believe there was a precise threat as long ago as Mr Steel was suggesting.

THE "JINGOISM" of the British public over the Falklands' invasion shown in the latest opinion polls has yet to be reflected in the postbags of most MPs.

In a random sample of a dozen MPs of all parties, almost all had received only a handful of letters on the subject since last Friday. The vast majority were in favour of strong action.

This may be because the British are not great letter writers, especially at current postal rates, but some MPs are clearly surprised. One computer-belt Tory had prepared a lengthy standard letter of reply which he had to use only twice - although he thinks this may be a lull.

Labour MPs from Tyneside, Lancashire, North Wales and Yorkshire have received only one or two letters.

The same story comes from Tory members. Ironically, a couple of MPs from constituencies with large army and navy installations have received little or no mail on the issue, compared with the show of correspondence recently sent on capital punishment.

The exceptions were a Tory MP from a south London stock-broker-belt constituency. He doesn't normally receive many letters on political issues but has got a large number so far this week. He reckons many have come from retired people.

Similarly, a Scottish Tory for a solidly residential district reports a dozen or so letters - building up in the last day or two - all urging strong action. Many letters appear to be phrased in highly-coloured terms, stressing the importance of regaining Her Majesty's territory and looking after Her Majesty's subjects.

Some members believe they have received few letters because their constituents do not express their views in this form. Alternatively, their constituents assume their MP takes the same line as them.

Many MPs privately believe that the mood could change as the fleet sails south and if there is armed conflict with loss of life.

Several MPs last week-end talked to local constituency activists and the response both in many working men's clubs was generally belligerent. One London Tory MP says women and the middle-aged were the most belligerent. Young people were more detached.

One Northern Labour MP who has not received any mail says half the questions he received on a radio phone-in were prompted, on the Falklands.

Postbags show little jingoism - as yet

By Peter Riddell, Political Editor

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Defence review demands may delay White Paper

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

DEMANDS that Britain's defence policy be reviewed following the Falkland Islands crisis seems likely to delay publication of the Government's annual White Paper on Defence.

This is due to be presented to Parliament before the end of the month.

The White Paper was expected to consolidate changes caused by the cuts introduced in last June's defence review. The 80-page document, the defence planners' "bible," is believed to be at the printers.

Political pressure to reverse some of the cuts which fall most heavily on the Royal Navy has already had an effect. At least two of the ships which were to have been withdrawn from service were reprimed last month - and are now part of the Falkland Islands' task force.

The government is now coming under more intense pressure to re-examine its defence policy. It is expected to spend £7.5bn on the Trident nuclear deterrent and the consequent need to cut the Navy's conventional strength should be the particular focus of a review, critics inside the House of Commons and outside maintain.

The strength of the lobby for a new defence review will depend on what happens over the next two or three weeks as the Navy's task force sails south and diplomatic efforts continue to solve the crisis caused by the Argentine invasion of the Falklands.

Yesterday the Defence Ministry was putting on a brave face, insisting it had no plans to change the White Paper's publication date nor to hold another defence review.

If political pressure succeeds in gaining another review, defence planners acknowledge that they will face a serious problem from the outset.

Critics are demanding a de-

fence review on the principal grounds that last June's cuts make it impossible for Britain to face the sort of crisis provoked by the Argentine invasion.

The planners say defence policy can only be the servant of foreign policy. Successive governments, following the loss of empire and subsequent withdrawal east of Suez, have emphasised Britain's role as a European power and its consequent primary defence commitment to the Nato alliance.

Mr John Nott's review, debated as it has been, is seen essentially as reinforcing that foreign policy choice.

Against the inevitable background of diminishing resources and escalating defence costs, options for change are thus seen as narrow - unless the Government decided on a major foreign policy change which, for example, would involve switching resources from keeping expensive army divisions in West Germany to boosting the Navy's capacity to intervene in non-Nato areas.

Last year's defence cuts centred on the Navy primarily because it was felt this would do least damage to Britain's role as a major European member of Nato. The cut in surface warships from some 70 at the beginning of the 1980s to fewer than 50 in 1984 has been criticised by those who believe that the next war, like the last, will depend on Nato's ability to convey across the Atlantic.

The Government's counter-argument is that Britain's maritime role is mainly anti-submarine warfare and will be filled more than adequately by a combination of surface ships, submarines and an enhanced air force.

The White Paper was expected to underline this choice and to detail measures taken to put last June's review into

effect.

These include redundancies in the Navy to reduce enlisted totals by 10,000 by 1985-86, a 7,000 reduction in the army over the same period, the withdrawal of one of four divisional headquarters from West Germany and the ultimate closure of Chatham dockyard. What has been done so far to carry them out is not irreversible, as the reprieve of the assault ships Fearless and Intrepid has shown.

A decision to do more than tinker at the margins of existing policy is unlikely without a post-Falklands review of foreign policy.

The financial constraints on defence remain. It takes 12 per cent of the overall budget, second only to social security, although a considerable way behind. Last year's £12.3bn defence budget was boosted by an additional £319m agreed by Cabinet last November in spite of attempts to keep spending within cash limits.

The Defence Ministry did well in its traditional battle with the Treasury and secured a real budget increase of more than 3 per cent, giving a planned expenditure of £14.1bn.

The Ministry is not saying, even if it knows, that the naval task force will cost - £50m to get it to the Falklands is one estimate, £1m a day is another. What is certain is that the defence budget as its stands includes no contingency for such a force.

The executive of the Amalgamated Union of Engineering Workers, the second-largest union, decided yesterday to urge the Government to heed the lessons of the Falklands invasion and to review its defence policies. Mr Terry Duffy, union president, hopes to put his views to ministers at today's meeting of the National Economic Development Council.



Man in a hurry . . . pursued by cameramen, Mr Francis Fym, newly-appointed Foreign Secretary, leaves yesterday's Cabinet meeting.

Labour left's dissociation effort fails

BY MARGARET VAN HATTEM, POLITICAL STAFF

LEFT-WINGERS ON Labour's national executive committee yesterday failed narrowly in an attempt to dissociate the party completely from the Government's handling of the Falklands crisis.

At a meeting of the NEC's international sub-committee Mr Tony Benn said the Prime Minister's aggressive response to the Argentine invasion of the Falklands was likely to end in disaster and tragedy. Labour's reputation would be damaged if it were in any way associated with her tactics.

The harsh facts were that the Falklands were militarily inde-

fensible. Priority should be given to protection of the islanders, who should evacuate the islands pending a negotiated settlement.

Mr Benn proposed an amendment to the committee's policy statement, opposing the dispatch of the British naval task force to the South Atlantic. He was defeated by a vote of six to five.

In spite of the support for Mr Benn on the committee, his remarks have infuriated many Labour MPs, including several left-wingers who usually agree with him on most issues.

Nevertheless, after the events

of the weekend, indications are that Labour MPs are calming down rather faster than their colleagues on the Tory back benches and are making a cooler assessment of Britain's chances of ousting the Argentines by military means.

Labour's policy-makers appear concerned not to dissociate themselves completely from a policy which might succeed, nor to associate themselves with one which might fail.

The result at yesterday's meeting was a motion calling on the Government to negotiate from a position of strength, avoiding jingoism, and to concentrate on the safety of the islanders rather than on property interests, natural resources, or "salvaging the pride of discredited ministers."

The motion was a compromise between drafts prepared by Mr Denis Healey and Mr Eric Heffer. It shows the party united in condemning the Government for its "dismal failure," which was "the responsibility of the entire Government, including, and especially the Prime Minister, and not just individual ministers," and in demanding a full inquiry into the Government's failure.

ing Against the Witch Hunt. It is (Mr Reg Race, Lab, Woot Green) angrily defends Mr Tatchell against Mr Foot. "How can we be asked to support such an unreformed system of parliamentary democracy?" he demands.

It cannot be said to be Labour Party policy, as the party is in favour of abolishing the House of Lords and reforming the machinery of government. "And we must, as a party, take seriously the archaic isolating and deradicalising effects of parliamentary advice which infect even the most assiduous and committed socialists."

The CLPD developed the use of the model resolution in the Labour Party and has, by concentrating on relatively few objectives, used it to great effect. This year, however, its success could be undermined by the number of different resolutions it is circulating.

The number reflects the divisions within Campaign. Increasingly the leadership is finding itself under attack from a vocal minority of Trotskyist members.

Shore warns on 'compensatory' cuts

BY IVOR OWEN

A PLEDGE by Mr Leon Brittan, Chief Secretary to the Treasury, that increased public expenditure arising from the Falkland Islands crisis will not alter the Government's basic economic strategy was challenged by Opposition leaders in the Commons last night.

Mr Peter Shore, Shadow Chancellor, warned ministers during the second reading debate on the Finance Bill that they would face determined resistance if attempts were made to keep within planned public expenditure totals by further cuts in social security and other domestic spending.

He said it was evident that the need to respond to the invasion of the Falkland Islands by Argentina must affect the application of the planned cash

limits for the Defence Ministry and for some other government departments.

Mr Shore suggested that the demands made by the crisis probably had accounted already for the contingency reserve which the Chancellor had provided for 1982-83.

Any attempt to compensate by raising back other departments' spending would have serious consequences for the economy, particularly in view of existing underused resources.

Mr Brittan insisted it was far too early to give any estimate of the likely cost of the action being taken to repossess the Falkland Islands.

His assurance that he cost would be met "in a way which is consistent with the Government's economic strategy" was dismissed by Mr Shore as "an exercise in studied ambiguities."

Earlier the Chief Secretary claimed that the general economic picture was increasingly encouraging.

Industrial and commercial profits, excluding North Sea Oil, were rising strongly, and this should encourage investment and make it easier to finance.

While agreeing that there were uncertainties, particularly in relation to developments in the U.S., Mr Brittan gave an optimistic assessment of the outlook for the financial year ending next March.

The Government expected output to continue its recovery - probably on a more broadly-based front - and there were indications that industrial investment would pick up.

Denying Labour charges that the Government was pursuing

policies deliberately designed to keep the numbers out of work at about 3m, Mr Brittan declared: "If it were possible to bring down the level of unemployment on a sustainable basis, rapidly and dramatically, this Government would have jumped at it."

He argued that the measures embodied in the Bill reflected the fact that it had been a Budget for jobs because only industry could provide jobs and the Budget was designed to help industry.

The Chief Secretary accepted that the provision of jobs on a sustainable basis was a "painfully low" process and underlined the contribution which could be made by continued sensible moderation in pay settlements.

Government rebuffs MPs over call on accounts

By Our Political Editor

THE GOVERNMENT is likely to resist demands, made by a large all-party group of MPs to extend financial accountability to Parliament to cover all bodies in receipt of public money, the Prime Minister made clear yesterday.

During Prime Minister's questions Mrs Thatcher said: "The public accounts committee has access to all the papers to which government departments have access and over which ministers are responsible to Parliament."

Rebuffing the MPs' demands, she said: "It is our present view that if the public accounts committee is able to examine all papers in regard to public expenditure in relation to commercial contracts and commercial details, it will be difficult to make commercial decisions and to get anyone to run these undertakings."

This view follows detailed discussions by ministers in response to proposals made by a series of Commons committees, most recently last week, for an extension of the scrutiny of the Comptroller and Auditor-General on behalf of Parliament, to cover the whole public sector.

The issue is whether the Comptroller and the MPs should have direct access to the books of nationalised industries and other public corporations, or whether, as the Government believes, these bodies should be answerable to Parliament only through their sponsoring departments in Whitehall.

The MPs believe Parliament has a duty to scrutinise all public money wherever it goes, while the Government argue this would undermine the operations of nationalised industries.

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Labour pressure group priority is to extend state ownership

BY ELINOR GOODMAN, POLITICAL CORRESPONDENT

THE CAMPAIGN for Labour Party Democracy is to make strengthening the party's commitment to extending public ownership into key economic areas its number one priority in the build-up to this year's party conference.

The CLPD is the Labour Party pressure group responsible for the organisation behind most of the left's successes since the election.

Top of the list of resolutions being circulated to constituency parties for submission to the conference is one deploring the absence in the party's recently-launched alternative economic strategy of any commitment to extending public ownership to the "commanding heights of the economy."

It calls on the Labour leadership to include in the next manifesto a commitment taking over at least 25 of the 100 largest private manufacturing companies.

The CLPD was formed in 1973, partly as a result of Sir Harold Wilson's refusal to be bound by a conference decision to take 25 of the largest com-

panies into public ownership. The proposal has been on the campaign's shopping list ever since but, since the election, it has concentrated on constitutional changes rather than policy issues.

This year, partly because it does not want to expose itself to accusations of undermining the party's election chances by launching divisive campaigns, it is not pressing any of its outstanding demands for constitutional changes.

Nevertheless, the resolutions being circulated show the serious problems ahead for the party posed by the inquiry into the activities of the Militant Tendency organisation, and the refusal of Mr Michael Foot, the Labour leader, to accept Mr Peter Tatchell as candidate for Bermondsey.

Included in the resolutions is one defending the rights of constituencies to select their own parliamentary candidates and deploring "recent attempts to interfere with these constitutional customary rights."

A special news sheet is being sent out with the resolutions with the banner headline Brief-

ing Against the Witch Hunt. It is (Mr Reg Race, Lab, Woot Green) angrily defends Mr Tatchell against Mr Foot. "How can we be asked to support such an unreformed system of parliamentary democracy?" he demands.

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Move to adopt version of UN liner ships code

BY ANDREW FISHER, SHIPPING CORRESPONDENT

BRITAIN has moved closer to adopting a toned-down version of the United Nations code on liner shipping with the publication of a Bill on the subject.

The Merchant Shipping (Liner Conferences) Bill 1982, published yesterday after its First Reading on Monday, will enable the UK to accede to the UN code, subject to reservations agreed in the European Economic Community.

The liner code was adopted in Geneva eight years ago. It lays down that cargoes carried by conferences will usually be shared by national lines at each end of the trade, with about one-fifth available to cross-traders from other states.

Britain and several other states in the Organisation for Economic Co-operation and Development voted against the convention. Other OECD members abstained.

Since then the EEC has worked out a regulation, the Brussels Package, applying the cargo-sharing parts of the code only for states outside the OECD.

This will mean that about 75

per cent of the world's liner shipping will remain free of cargo-sharing. In the world-wide conference system, shipping companies combine to provide a regular liner service on certain routes at agreed prices.

The liner code will become effective six months after states representing 25 per cent of the world's liner shipping adopt or ratify it. So far states representing about 21 per cent, mostly developing countries, have ratified the code.

The Government hopes the Bill will become law by the end of the year.

The Trade Department said yesterday the Government's position was fully supported by the General Council of British Shipping and the British Shippers' Council, representing ship-owners and exporters.

Both agreed that the Brussels Package, agreed in 1979, was the best obtainable compromise between the wish of many developing states to promote their shipping and the UK's desire to preserve free conditions for shipping among developed OECD nations.

SDP will put up 2,317 local election candidates

BY ROBIN PAULEY

THE SOCIAL Democrat Party yesterday announced it would field 2,317 candidates for the 4,800 seats up for local election on May 6.

The Liberals are expected to contest most of the others, so the Alliance will be fighting virtually every council throughout the country.

Mr John Cartwright (SDP, Woolwich East) said the local elections would be a full-dress rehearsal for a general election. They would be a major test of the party's organisation and ability to fight national elections.

Many agents had never been agents and 80 to 70 per cent of the candidates had never contested an election. Only 15 per cent of the SDP candidates are women which it admits is a disappointing figure.

Relations with the Liberals over the subplot of seats appear to have been relatively smooth. In areas where one or other of the parties is strong, that party has the lion's share.

In Islington, for example, the SDP is fighting 40 seats and the Liberals only 12. In Liverpool,

the Liberals are fighting 26 and the SDP seven. In most other cases the candidates are fairly evenly split.

In some areas there has been difficulty finding candidates. In Barking, there are 48 seats but only six SDP and 17 Liberal candidates. In parts of Hampshire and Tyne and Wear, there appear to be no SDP or Liberal candidates. The Alliance clearly has found it difficult to get candidates for large parts of Scotland.

The Social Democrats hope to do particularly well in Greater London. They hope to hold Islington, in spite of the recent damaging internal strife, and to score heavily in Brent, Camden, Ealing, Greenwich, Kensington and Chelsea, Lambeth, Lewisham, Richmond, Sutton, Wandsworth and Westminster. Outside London, Birmingham is a key target.

The party's slogan is Caring about people, caring about costs. It intends to base its campaign on providing the best possible level of services for the most efficient use of money.

Pro-Marketers challenge policy

BY OUR POLITICAL CORRESPONDENT

LABOUR pro-Marketers resolution. Since then the party has produced a lengthy document setting out the procedure for withdrawing and the consequences for Britain.

As a first shot, the Labour Movement for Europe yesterday produced a booklet entitled Labour Prejudices and Reality, in which it tried to take apart the Labour Party document. It warned British withdrawal could push unemployment to 5m.

To cut industry off from the European export market could be "devastating."

The party document suggests the Community might be ready to keep its doors open to British

exports in exchange for access to the British market.

The Labour Movement for Europe insists this is a delusion. With rising unemployment in all member states, "they have every reason to shut them out in order to protect their own industries."

The party document suggests Britain might be able to reach some new relationship with other socialist governments within the Community.

According to the pro-Marketers, this is "patently nonsense." The "sister socialist parties" in the Community are already "bitterly resentful about Labour's attitude towards Europe."

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TECHNOLOGY

EDITED BY ALAN CANE

Brew-up in the supermarkets

BY ELAINE WILLIAMS

THE DAYS when most towns brewed local ales are gone, for economics dictates that public houses are served by huge breweries producing millions of barrels of beer or lager a year. But Robert Morton DC, a small British brewing equipment company, believes that it is time to revive the tradition of the small brewery—in the U.S. rather than the UK.

The company has developed a mini-brewery system which it claims can start the process of ale-making within a week of delivery. Mr David Storer, RMDG's sales manager, envisages that the small breweries could be installed in a variety of locations from large shopping and sports complexes, to college campuses and pizza parlours, as well as in the U.S. equivalent of pubs.

Hundreds

A prototype mini-brewery capable of making around 14 barrels (4,000 pints) a batch is already in operation and the company hopes that production of the breweries could begin within four to six months once the orders come trickling through.

Mr Storer believes that the U.S. market for mini-breweries

could be counted in hundreds of systems. He says there is a growing interest in the U.S. in local made products and he feels that ale could be counted among them, if the economics of brewing local beers and lagers is sufficiently attractive.

RMDG turned its technical expertise gained in the nuclear and aerospace industries to brewing about 10 years ago when it realised it needed to diversify to survive. Sited at Burton-on-Trent, where there is a strong brewing tradition it seemed natural to attack this market.

With the advantage of computerised design it has won the last three major brewing contracts in the UK which include the new Bass brewery at Burton with an annual production of 1.5m barrels of beer and lager, work on the Northern Clubs Federation brewery in Newcastle-on-Tyne and the Harp Lager plant in London.

"The UK market is virtually dead," says Mr Storer, because of the falling consumption of beer. This is why RMDG is actively looking at the North and South American markets as well as Africa for its new business. Competition is tough, however, especially from the West German brewing equip-

ment companies. In the next four weeks its first major U.S. project—a 10m barrel a year brewery for G. Heileman Brewing Company in La Crosse, Wisconsin—begins operation.

Automation

This brewery has only one operator and is entirely computer controlled. It is capable of producing 10 batches of lager a day which are then stored until fermentation is complete. Generally, brewers tend to be very cautious about the use of new technology—particularly computers in the production process. After all, brewing has been carried out successfully for hundreds of years using the same basic process.

According to Mr Storer there is great argument in the brewing industry about the worth of computer control. Some companies such as G. Heileman, the U.S. brewer, have opted for full automation while other companies feel strongly that humans should continue to have a measure of control in the process.

For example, Bass has opted for the latter in its new brewery at Burton-on-Trent. It uses a system called "remote

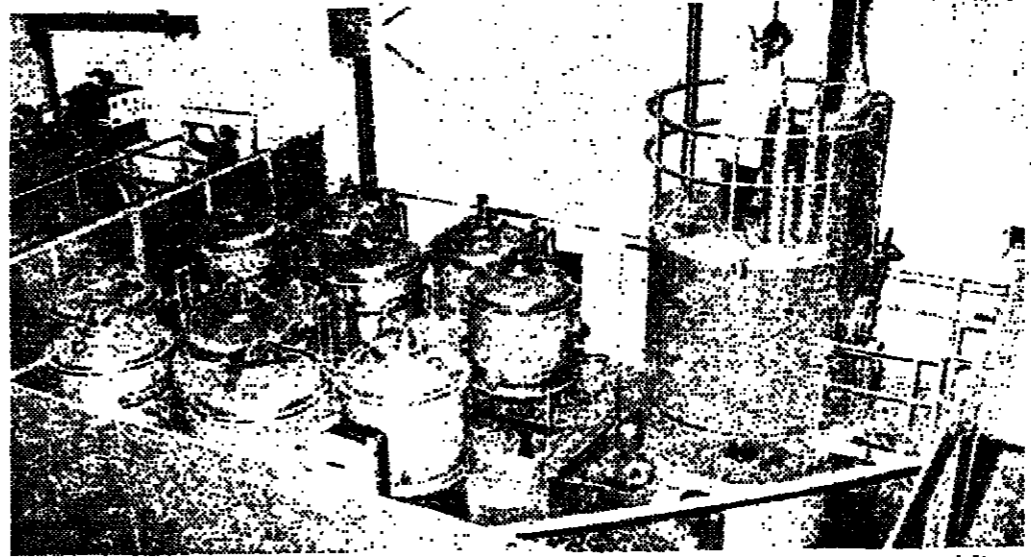
manual" which means that though the individual stages of the process operate automatically a human operator initiates each stage. Even so, it only requires two men to run the brewery per shift.

The brewing process is effectively divided into six stages—grinding, mashing, boiling, cooling, fermenting and racking. The malt is cleaned crushed in a mill; the ground malt—now called "grist"—is then mixed with hot water in a vessel called the mash tun to extract the starch from the malt and turn it into fermentable sugars. This part of the process is akin to making tea, and produces a liquid called "wort."

The wort is transferred into large vessels called kettles where it is boiled with the hops to complete the sugar conversion and then cooled for the addition of yeast for fermenting.

According to Mr Storer the main advances in brewery technology have been in the field of wort boiling. In traditional breweries wort is boiled in large kettles which have internal heating elements.

This means that the kettle has to be nearly full before heating can begin. The boiling process can be shortened if the



The mini-brewery would be a feature of a shopping centre or sports complex so that visitors could see how beer is produced.

heater is taken outside the vessel and wort passed through the heater before it enters the vessel, boiling is faster resulting in both energy and time savings.

This is why it is possible to complete 10 brews a day in the most modern plants because the process of wort boiling can be reduced to as little as 30 minutes," Mr Storer claims, without degrading the quality of the wort.

Another advantage of an external heater is that it is easier and more accessible to clean than an internal one. The next step by RMDG's

designers has been to combine the kettle and the whirlpool which separates the remaining solids from the wort before fermentation and storage.

After boiling, the wort is usually injected into another large vessel at high speed through the side. This creates a whirlpool effect which causes the spent hops and other remaining solids to fall rapidly to the conical-shaped bottom of the vessel where it is extracted.

Combining the kettle and the whirlpool saves space and is possible because of the external heating system. The company has also made refinements

to the "mash tun" arms which rake through the malt to aid extraction of the wort.

It is from the work on the mini-brewery concept that the RMDG has combined the processes of mashing, boiling and separating the wort into a single vessel which reduces the space and cost of brewing relatively small quantities of beer or lager.

The company hopes that it can franchise the marketing and installation of mini-breweries in the U.S. so it can concentrate on the business of manufacturing.

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Plessey controls Brazil's traffic

PLESSEY HAS scored its biggest success to date for its "Coordinator 1000" traffic light control equipment, with the opening of a £14m system in Sao Paulo, Brazil.

Some 450 microprocessor-based traffic controllers are involved, with 2,000 loop detectors buried in the roads and three computers, two for controlling the junctions and the third supervising.

The supervising machine takes all the information from the detectors over dedicated land lines at one second intervals and sends back instructions based on computer-held plans to smooth the flow of traffic through the city. The computers also monitor and report on faults at the outstations.

'Green waves'

To discover how new plans will operate, the computers can also simulate activity at street intersections and the results can be seen on the system's CRT screens, in colour. To give the operators a general appreciation of the situation, a large matrix wall map is employed on which the conditions of each intersection is shown.

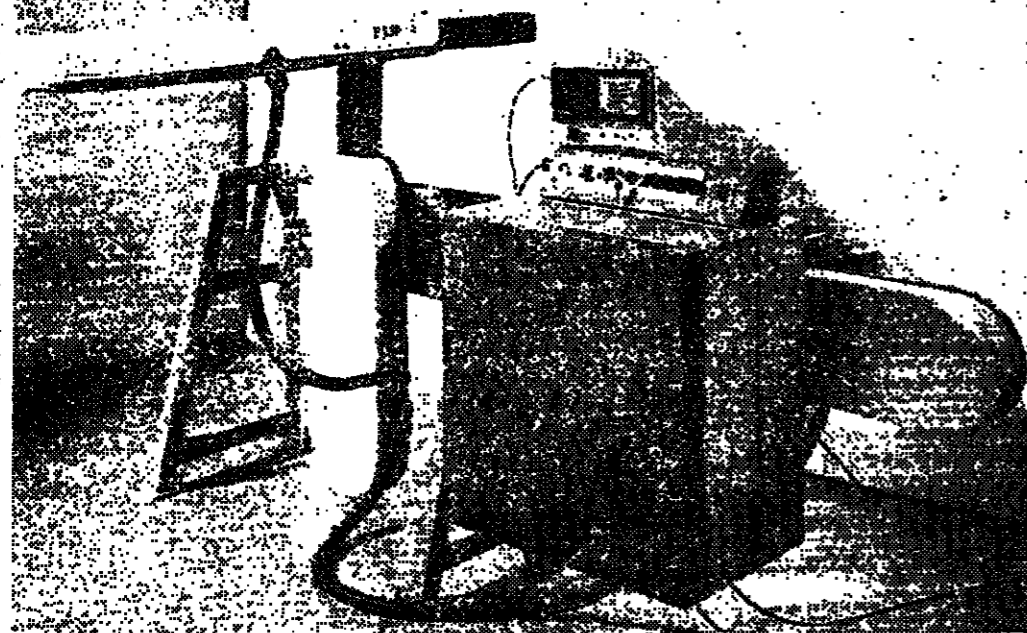
The system has other useful traffic control features. For example, "green waves" can be produced to speed the flow of emergency vehicles down a specific route, at the touch of a button.

Coordinator 1000 can also, of course, carry out traffic counting via its detector loops, or detect traffic queues as they build up (possibly by using additional loops). The system is able to switch variable aspect traffic signs, direct the traffic to empty car parks, and in general bring about substantial savings in journey times. More on 0202 675181.

G.C.

U.S. swallows initial production of the PAM robot

BY GEOFFREY CHARLISH



PAM was developed by Remek to provide a low-cost teacher manipulator, somewhere between basic pick and place units, that could handle a variety of assembly, production and packaging applications.

THERE IS something a little ironic about the fact that most of the initial production of Remek's new PAM robot has been swallowed up by companies in the U.S.

The Milton Keynes company has £600,000 of orders over there, but only two machines are on order in the UK, one for PERA and the other for Cranfield.

Remek's managing director Roger Biggood says that although he finds it "satisfying" to be immediately exporting to the U.S., he nevertheless sees the orders as "a reflection of the fact that most U.S. manufacturers are more receptive than our own to the installation of high technology equipment."

Remek, a 50-employee company, will soon be making three of the robots per month and Kirkland Blair, chairman, believes the company is "on the verge of breaking out" backed by new financing that he is now arranging in order

to expand production.

Allen Pearce, marketing director, clearly feels that the company's future is now very much tied in with robotics, pointing out that the kind of flexibility of manufacture he is offering his customers will apply to his own company's production, too.

Robotics gives the automation supplier a chance to lay down a batch production line and amortise the research and development costs over larger numbers of machines. The basic equipment can be sold to many users, with relatively low cost, for use in new systems or for interfacing with the customer's existing processes. Robot, supplied with "programmability" enable the user to accommodate changes in product type.

Remek thought hard before designing the machine. It reckoned that the welding and paint spraying applications were being well taken care of by the articulated arm continuous path

machines, mostly imported from Japan and the U.S.

The outcome was a robot aimed mainly at assembly and palletisation. PAM (it stands for programmable arm manipulator) operates in the same envelope as the human arm and can place loads of up to 10 kg with a repeatability of 0.05mm.

The price, about £15,000, will equate, says Pearce, with that of a human operator when amortised over about two years. All that has been lost is the continuous path facility—but that is less likely to be needed in assembly work and palletisation.

With microprocessor control and solid state memory, PAM can operate on a matrix format. It can pick and place from a large number of co-ordinate positions which can be programmed by a choice of three methods. The data can be directly keyed in from a Burr Brown TM71 hand-held programmer, the "teach by showing" method can be used, or

the machine can be taught while driven under power. Its memory can store up to 10 programs.

The robot gets to each of its programmed positions in two stages—a course motion, pneumatically driven, and a fine positioning carried out by highly accurate stepper motors, working only within a two-inch cube.

The robots work linearly in X, Y and Z axes, the travel being 24, 24 and 12 inches (610, 610 and 305 mm) respectively. The longest point to point transfer time is two seconds. The complete machine weighs only 177 kg.

Pearce maintains that the will and the capital to use this kind of unit must soon be found, "before it is too late."

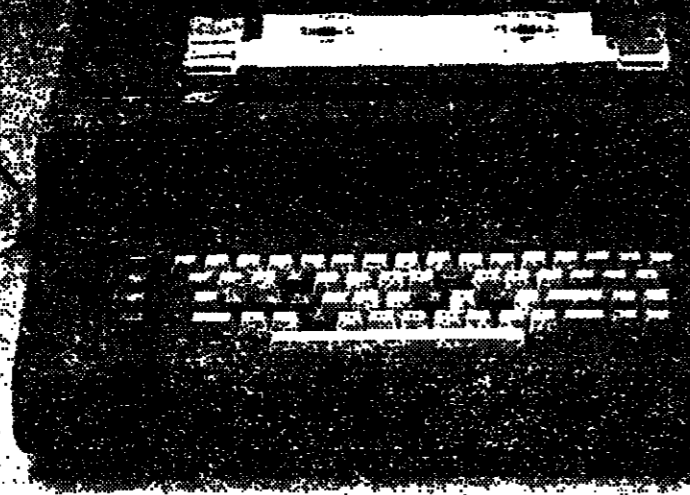
He says "It's time now to stop pussyfooting around. The Government is doing its best to promote robots, with DOI support schemes, but still only a handful of organisations have taken advantage of it."

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GARDENS TODAY

A parade of fusiliers

BY ROBIN LANE FOX

FORGET THE frost, the winter and those heavy rains last month. The week of fine weather has brought on the spring bulbs, and this year they seem like a miracle.

I am content to walk around and stare at them, leaving the weeding and spraying to look after itself. There is hardly a flower from a bulb which I would not wish to grow, except for some pale blue cousin of the Scilla, known as Puschkinia, and a spring-flowering small purple flower, like a big crocus, called Bulbo Codium.

There is nothing wrong with these flowers, but they do not stand up to the weather in normal years. The one is too pale to be noticeable; the other so flat that it is at the mercy of rain and snails.

You cannot go wrong in the form of a bulb merchant's list. In the list of wild garlic, I can do no more than honour my own favourites, wild tulips which are not just 12-month wonders but persist and increase on my soil and others where I know them.

Already, I am re-planting in my tulips flowers. These are not simple earlies or accelerated Darwins, but tulips from wild parents which start off the season with a brilliant show. I only woke up to the best one two years ago and if I cannot keep it out of my April calendar, that is because it has proved such wonderful value.

Tulip praestans Fusilier scared me off by its trade-description: A pure, hard scarlet, said the lists, which gives

a riot of colour, as bright as a guardsman's tunic.

It all sounded too much and whenever I saw its bulbs for sale, they looked big enough to send up long stems of big flowers.

They are too startling for most small gardens and I did not relish the thought of more scarlet tunics running riot in the bedding-out. "See how the flowers, as at parade, under their colours stand displayed... The poet Marvell had the pleasant way of describing tulips as if they were rifleman at arms in his patron's garden. Fusilier seemed like a tulip which would make his vision come true.

In fact, Fusilier is small, elegant and in no way top-heavy. The flowers have pointed petals and appear on stems about 6 in high among fresh pale-green leaves. They still look like a wild tulip, ready to career across the drab Steppes of Central Asia, their natural home. The colour is scarlet with a touch, I think, of orange, but the effect is pure, vibrant and all the best things which you can get about strong red.

Better still, one bulb produces several flower stems and persists from one year to the next. It likes to be buried quite deeply because of its relative size and it prefers the sharp drainage which all wild tulips enjoy.

I first woke up to it when it appeared among some rough periwinkle and old tree roots on the central mound of my Oxford college garden. In April the periwinkles' young green

leaves run round a platoon of Fusiliers and look as if they were throwing up brilliant red flowers of their own.

There is another name form of this splendid bulb for which I am scanning the market. Called Zwanenburg, it is said to be a dark crimson and would be a welcome present if you know its whereabouts. Wild tulips tend to vanish after a few years, but Praestans seems the amateur's answer. Fusilier does not fizzle out.

There are other good wild tulips, but they are less predictable. Linfolia is usually persistent, worth tracking down because it is such a small tulip and will fit into any bank or bed in which you grow alpines. It has open scarlet flowers on 2-in stems and narrow grey-green leaves which spread out sideways like a starfish. Although the numbers have dropped, I have kept some of the survivors for seven years. Breeders crossed it with a beautiful soft yellow form from Bukhara called Batafiani, whose petals open like a small fly-bowered variety. A friend once sent me a photograph of this lovely pale tulip in the wild round some tribesmen's black tents.

Even in the garden, these parents and their children are worth trying, the best small tulip for a raised bed or a small alpine garden. Again, it is important to plant the bulbs deeply and give them sharp drainage.

Should you lift these tulips yearly, the experts say this is unnecessary, unless the bulbs increase and need to be divided

—but experts take care to place their tulips correctly from the start. One of this country's best growers argued that their losses were only due to bad drainage or to unnoticed attacks of the lethal "fire" disease which shows on their leaves. These markings, a form of botrytis, resulted from too little sun or from exposure to cold, east winds in early Spring.

So the bulbs must stand in a full sun and they appreciate some sharp silver sand dug beneath their resting place when you plant them deeply. If you succeed for a year or two, you must try to move on to the queen of all wild tulips, the old Lady Tulip or Clusiana form which has been known for centuries in British gardens. Nowadays, it is a nurseryman's dream, as it usually dies after one season.

Once, perhaps, it was easier to grow for our 17th-century gardeners, as if by the Lady Tulip, they were flying again, or perhaps they all took its secret for granted, a very dry south-facing site, if necessary a slope below hungry tree roots. Here, I have known the Lady Tulip behave with proper courtesy and show her inimitable flowers of cream-white and red external markings at a height of some 9 ins.

She is not a tulip for beginners and at the moment, I have none left alive in the garden. But the sight of her close relations in the spring sunshine is bracing me to pay up and try yet again.

FT COMMERCIAL LAW REPORTS

Sum paid under duress recoverable from union

UNIVERSE TANKSHIPS INCORPORATED OF MONROVIA v INTERNATIONAL TRANSPORT WORKERS' FEDERATION AND OTHERS
House of Lords (Lord Diplock, Lord Cross of Chelsea, Lord Russell of Killowen, Lord Scarman and Lord Brandon of Oakbrook): April 1 1982

WHERE EMPLOYERS who have no dispute with their employees pay under duress into a union fund from which their employees may never benefit and which is unconnected with their employer-employee relationship, the union cannot claim immunity from liability in tort on the ground that the duress was exercised in furtherance of a trade dispute in connection with the employees' terms and conditions of employment.

The House of Lords so held (Lord Scarman and Lord Brandon dissenting) when allowing an appeal by Universe Tankships Incorporated of Monrovia, the shipowners, from a Court of Appeal decision (1980) 3 Lloyd's Rep 529) and restoring Mr Justice Parker's decision in the Commercial Court that a sum paid by them to the International Transport Workers' Federation (ITF), a federation of trade unions, was recoverable as having been paid under economic duress.

Their Lordships unanimously agreed with the Court of Appeal that the sum was not paid to ITF on trust.

Section 13 of the Trade Union and Labour Relations Act 1974 provides: "(3)... an act done by a person in contemplation or furtherance of a trade dispute is not actionable in tort on the ground only that it is an interference with the trade, business or employment of another..."

Section 29(1) provides: "... 'trade dispute' means a dispute between employers and workers or between workers and workers, which is connected with one or more of the following: (a) terms and conditions of employment..."

LORD DIPOLOCK said that the crew of the Universe Sentinel, a flag of convenience ship, consisted mainly of Asians employed at rates of pay substantially less than those insisted on by ITF.

On July 17, 1978, the ship arrived at Milford Haven to discharge her cargo. She finished discharging on July 18, but because of backing by the ITF she was prevented from sailing. On July 29 the backing was lifted because the shipowners yielded to ITF demands that they should pay \$80,000 to ITF and that they should enter into certain agreements including a standard "Special Agreement."

employment" was a wide expression, but wide as it was, it was limited to terms which regulated the relationship between an employer and his employee. It did not extend to terms which regulated a relationship between an employer and some third party for which no provision was made in the terms of employment.

"Connected with" was also a wide expression, but it had its limits. There was nothing to suggest that a crew member's entitlement to take advantage of the Fund depended on the existence of an employee-employer relationship between him and the shipowners. That was fatal to the contention that the demand for contributions to the Fund was connected with terms and conditions of employment.

LORD RUSSELL also concurring, said that it was commonplace for a trade union to have

Hunter looks a good bet to overcome her close home.

While flat racing enthusiasts have the choice of either Haydock or Hamilton in Scotland, jumping followers can choose between Ascot and Worcester.

ASCOT
2.00—Mr Mellors**
3.05—Venture To Cognac
3.35—Bill of Slane

HAYDOCK
3.45—Lucky Hunter***
4.15—Cashel Prince
4.45—Hazim

HAMILTON
2.15—Red Sky Race
3.15—Aqua Verde*

LORD SCARMAN, dissenting on the duress point, said that "it was unreal to infer that because the crew were themselves not obliged to contribute to the Fund, the obligation accepted by the shipowners to contribute 'on behalf of each seafarer' was not an obligation related to the condition of employment."

LORD BRANDON also dissenting, said that the existence of the Fund should be regarded as constituting at least a potential benefit to the crew. The fact that the owners' obligation to contribute to the Fund was not written into the Collective Agreement or the individual contracts was not in itself a reason for excluding the obligation from "terms and conditions of employment."

There was nothing in the Act to indicate that Parliament intended, on the ground of public policy, to exclude a restitutionary remedy when money was extracted in circumstances which would otherwise have amounted to economic duress.

His Lordship would allow the appeal on the duress point.

LORD CROSS delivered a concurring judgment.

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ascot
worcester
ascot
worcester
ascot
worcester
ascot
worcester

BBC 1

- 6.40-7.55 am Open University (Ultra High Frequency only).
- 9.45 The Who. 8.50 Factory. 10.05 The Banana Splits. 10.35-11.00 Why Don't You...? 12.30 pm News After Noon... 1.00 Pebble Mill at One. 1.45 Over the Moon. 2.00 Men v Women (International Game Change).
- 2.45 "Painting By Numbers" starring Jenny Laird and Bill Blewett.
- 3.53 Regional News for England (except London). 3.55 Play School. 4.30 Scooby Doo Where Are You? 4.40 Take Hart. 5.00 John Gaven's Newsround. 5.05 A Little Silver Trumpet.
- 8.40 News.
- 8.50 Regional News Magazines.
- 6.25 Nationwide.
- 6.45 Rolf Harris Cartoon Time (London and South East only).
- 7.15 "Jesus Christ Superstar", starring Ted Neeley, Carl Anderson and Yvonne Elliman.
- 9.00 News.
- 9.25 Rough Justice: A new three-part series about serious crimes and the men in prison for them. 1. The Case of the Handful of Hair.
- 9.53 Sportsnight: Cup Football; European Cup semi-final.
- 10.50 A Question of Guilt — strange case surrounding Constance Kent.
- 11.45-11.50 News Headlines.

TELEVISION

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TELEVISION

- 9.30 am Barney Google and Snuffy Smith. 9.40 The World We Live In. 10.05 The History Makers. 10.20 The Last Adventurer. 11.25 Paint Along with Nancy. 11.55 The Bubblefish. 12.00 The Munch Bunch. 12.10 pm Rainbow. 12.30 Movie Memories. 1.00 News with Peter Sinns.
- 1.30 pm The Comedy News with Robin Houston. 1.30 Crown Court. 2.00 After Noon Plus, presented by Mary Parkinson. 2.45 Definition. 4.15 Road Runner. 4.20 Animals in Action. 4.45 Mr. Mob. 5.15 Mr. Merlin.
- 5.45 News.
- 6.00 Thames News. 6.25 Help with Viv Taylor Gee. 6.35 Crossroads. 7.00 Where There's a Will... 7.30 Coronation Street. 8.00 The Underdog Adventures of Captain Nemo. 1.20 pm TSW News Headlines. 2.45 Trapper John. 3.15 Gus Honeybun's Magic Birthdays. 3.30 Crossroads. 6.00 Today South West. 6.30 Tala News. 6.40 Sportsweek. 10.32 TSW News. 12.40 am The Sun Dancing. 12.45 South West Weather.

TELEVISION

- 6.35 The Ascent of Man. 7.25 One Hundred Great Paintings. 7.35 News Summary. 7.40 The Master Game. 8.10 Channel 4. 9.00 M*A*S*H. 9.25 Nancy Astor. 10.15 Haydn Festival. 10.45 Newsnight. 11.30-11.50 Vigil.

All IBA Regions as London

except at the following times:

- ANGLIA**
9.30 am Larry Lish. 8.45 Rocket Robin Hood. 10.18 Call it Macaroni. 10.35 The New '7ad and Barney Show. 11.00 Turan. 11.50 Watcoo. Weston. 1.20 pm Anglia News. 2.15 Trapper John. 5.15 Happy Days. 6.00 About Anglia. 12.40 am The Davidson File.
- BORDER**
9.35 am Sesame Street. 10.30 Film: "Island of the Lost". 1.20 pm Border News. 2.45 Bracken. 6.15 Radio. 6.00 Lockdown. Wednesday. 12.40 am Border News Summary.
- CENTRAL**
9.20 am 3-2-1 Contact. 9.50 Ventura. 10.15 Felton Island. 10.40 The Electric Theatre Show. 11.10 Big Shamus. Lulu Shamus. 1.20 pm Central News. 2.45 The Last of Summer. 6.15 Radio. 6.00 Crossroads. 6.25 Central News.
- CHANNEL**
1.20 pm Channel Lunchtime News. What's On Where and What's. 2.45 Trapper John. 5.30 Crossroads. 6.00

BBC 2

- 6.40-7.55 am Open University.
- 10.20-10.45 Gharbar. 11.00-11.25 Play School. 1.20 pm Racing From Ascot. 4.25 Landscapes of England. 4.50 Caught in Time. 5.10 Science and Disease. 7.35 "Hawk of the Wilderness". 5.50 The Water Margin.

BBC 2

- 6.30 Mr. Merlin. 6.45-8.15 Doctor Gower. 6.50 Y Digid. 6.55-8.35 Report Wales.

SCOTTISH

- 9.30 am Kribbet. 10.20 Lot of Birds. 10.50 History of the Motor Car. 11.15 Story Hour. 1.20 pm Scottish News. 2.45 Love Boat. 3.15 Travellers' Tales. 5.20 Crossroads. 6.00 Scotland Today. Followed by Action Line. 6.30 Report. 12.40 am Late Call.

TYNE TEES

- 9.20 am The Good Word. 9.25 North East News. 9.50 Vikings of the Sun. 10.15 Kum Kum. 10.25 Cartoon Time. 10.45 Hopalong Cassidy. 11.50 Sally and Jake. 1.20 pm North East News. 2.45 The Young City. 3.07 pm. 5.15 Private Benjamin. 6.00 North East News. 6.22 Crossroads. 6.25 News. 6.50 The Young City. 7.00 News. 12.40 am Four Faces of a Holiness.

ULSTER

- 1.20 pm Lunchtime. 2.45 Young Ramon. 4.15 Ulster News. 5.15 Radio. 5.30 Good Evening Ulster. 6.00 Good Evening Ulster. 6.30 Hope Eternal. 10.25 Ulster Weather. 12.40 am News at Six.

YORKSHIRE

- 9.30 am Sally and Jake. 9.40 Sesame Street. 10.40 The New Accelerators. 11.05 Animated Classic (Moby Dick). 11.25 The Underdog Adventures of Captain Nemo. 1.20 pm Calendar News. 2.45 Trapper John. 5.15 Private Benjamin. 6.00 Calendar (Emley Moor and Belmont editions).

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(S) Stereophonic broadcast (when broadcast on VHF)
Medium Wave only

RADIO 1
9.00 am As Radio. 2.15-3.15 Mks Head. 9.00 am News. 10.30 Dave. 10.30 Trivia. 2.00 pm Paul Burnett. 3.38 Matchweek Night. 7.00 News. 8.00 News. 8.30 News. 9.00 News. 9.30 News. 10.00-10.30 News. 10.30 News. 11.00-11.30 News. 11.30 News. 11.50-12.00 News. 12.00 News.

RADIO 2
5.50 am Colin Barry (S). 7.30 Ray Moore (S). 10.10 Jimmy Young (S). 12.00 Gloria Hunniford (S). 2.00 pm Ed Stewart (S). 4.00 David Hamilton (S). 5.45 News. 6.00 News. 6.30 News. 7.00-8.00 News. 8.00 News. 8.30 News. 9.00 News. 9.30 News. 10.00-10.30 News. 10.30 News. 11.00-11.30 News. 11.30 News. 11.50-12.00 News. 12.00 News.

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THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

BOARDROOM BALLADS

MEN FOR ALL SEASONS

*Oh to be in banking
Now that April's here!
And celebrate a spanking,
Profitable year!
Some prefer to hear a
Cuckoo on the wing,
But oh to be a clearer
Now that it is Spring!*

*Better than the crocus
Peeping through the soil;
Richer than the hocus
Focus with the oil;
Money is the medium
Surer than the rest,
For sweetening the tedium
With the interest!*

*Lesser men may hanker
For the summer deers,
But oh to be a banker
When you cannot lose!
It's freezing, more's the pity,
The darling buds of May,
But down here in the City,
It's roses all the way!*

*Speak it not in Whitehall,
Tell it not in Gath,
Lest our little windfall
Cause Eschequer wrath!
Tell 'em it's for gearing,
A little more to lend,
But mainly it's for cheering
Up the dividend!*

*Oh to be in lending,
Spreading joy around;
When every quid you're spending
Spawns another pound!
Loans are what we're here for,
Helping them invest,
Knowing they'll be back for more
To pay the interest!*

*Oh to be in credit,
As the seasons turn,
With other people's debit,
Filling up the arn!
Never mind the weather,
Banking is the thing;
As long as we're together,
It's everlasting Spring!*
Bertie Ramsbottom

Next week: The Entrepreneurs

A brave venture takes to the skies

Mark Meredith examines the difficult birth of British Aerospace's latest aircraft

BOEING would have pulled off a rollout like this in real style. There would have been dazzling lighting effects, electronic music promising something almost galactic, and pictures flashed on a giant screen. Eventually the new aircraft would have appeared, like the Boeing 757 at its recent presentation in Seattle, through a swishing artificial mist.

This was different, but in its way equally dramatic. It was British Aerospace and the aircraft was driven by propellers. What's more the aircraft wasn't entirely new but an adaptation of an earlier model. The weather was lousy so instead of rolling the plane out of a hangar before the admiring crowds, it was pulled into a hangar by a tractor—albeit preceded by a piper.

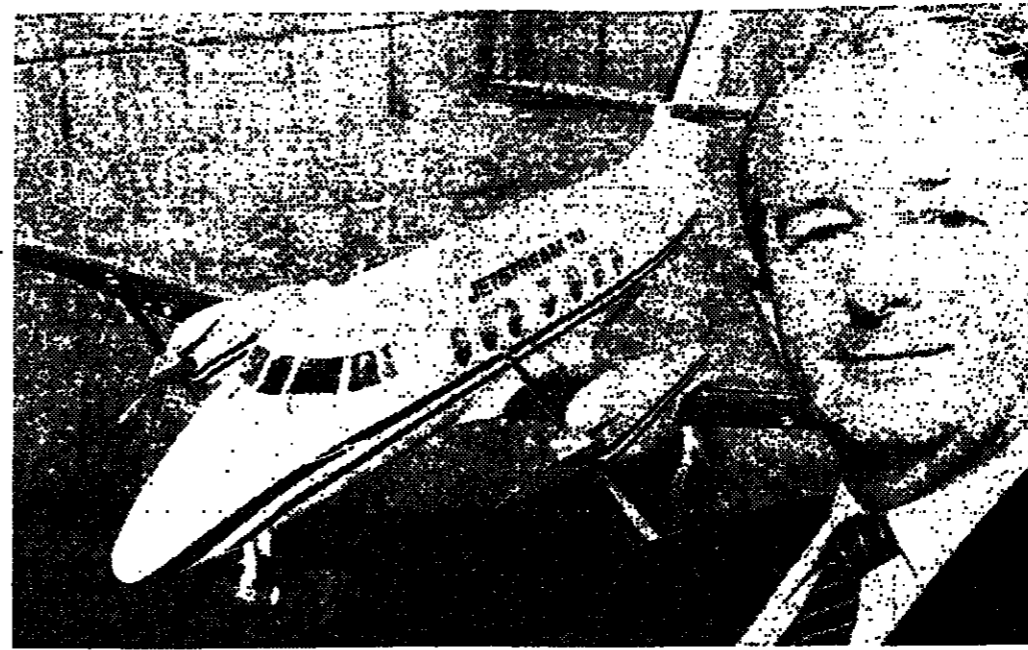
The drama about this rollout at Prestwick in January lay in what the aircraft, the Jetstream 31, meant to the 1,900 workers who crowded into the hangar to watch the ceremony. It meant their jobs.

Dramatic, too, has been the impact of the aircraft on the Scottish Division of British Aerospace, which had been facing the likely prospect of closure. From being a nearly derelict unit, the plant had new management, new potential and new life injected into it after the go-ahead for production of the aircraft was given just over a year ago.

Management was given a product designed to make inroads into the promising market for economical commuter and corporate aircraft.

Taking on a new project like this meant more than just giving the aircraft a new coat of paint for the visitors to the rollout. It involved a change of attitude and approach for a division moving from the not too secure field of producing for the military market to the even more insecure field of producing for civilian life.

The conception of the aircraft dates from the mid-1980s when Handley Page in Radlett designed the first Jetstream. When the company went bankrupt in 1970, the designs and production rights were taken up by Scottish Aviation at Prestwick, then part of the Laird Group.



Brian Thomas: knew the problems of getting a new aircraft into a new market

In 1972 the Ministry of Defence asked Scottish Aviation to build some Jetstreams from the part stocks taken over from Handley Page. But in 1978 the company was nationalised by the Labour government and became part of British Aerospace.

The Jetstream had been largely intended for the military market for use as a trainer or observation aircraft. The first version was handed over to the Royal Air Force in 1976 and about half of the 58 Jetstreams still in service are used by the military.

Then came the moratorium on defence spending of 1980 and the military orders for Jetstream vanished.

The Scottish division at Prestwick was left with only the small Bulldog pilot trainer on its assembly lines, along with the production of some parts under licence for the Hercules and TriStar.

With the future of the division at stake, the Corporation took a detailed look during 1980 at the potential for selling a civil version of the Jetstream, particularly aimed at the U.S. market. Corporate jets were becoming very expensive for many companies to run and it

was felt that the Jetstream might make inroads into the market for more fuel efficient aircraft.

Management was buoyed by one estimate from the Federal Aviation Authority that by the year 1990, some 3,400 short-haul aircraft would be required in the United States. This market showed a 20 per cent growth rate in 1979—most of it in the field of corporate aircraft.

Negative

With its eye on these sales production started at Prestwick with a target of 200 aircraft by the end of the decade.

Many parts of government as well as financial advisers counselled against going ahead with an expensive product involving a £50m investment programme. But Sir Austin Pearce, chairman of British Aerospace recalls: "We knew that if this negative concept prevailed the end of Prestwick as an aircraft manufacturing centre was very near."

"We took the risk, but that is what being in business is all about. It is much less comfortable than sitting in a well

appointed office and criticising after the event, but it is much more exciting and constructive."

A new management team was grafted onto the division; most of its members came from other parts of British Aerospace, with hardly a Scot among them.

Brian Thomas was made managing director of the Scottish division. He had been production director in Weybridge and had experience of both Concorde and the BAC 1-11. He therefore knew many of the problems of getting a new aircraft into a new market. The marketing, design, production support and commercial sections of the division were all strengthened to handle Jetstream.

On the marketing side the technical sales staff was reinforced to get to grips with route analysis and with making sure the plane suited customer requirements.

Product support needed to be formed almost from scratch; this was where the greatest wrench occurred in moving from military to civil work, according to Scottish division managers. When producing for the Services there is a safety cushion of engineering back-up.

They handle their own servicing but for a civilian aircraft that cushion disappears. A small aircraft like Jetstream may be sold in ones or twos and therefore in the necessary servicing arrange-

ments must be near at hand. Plans were made to strengthen British Aerospace's operations in the United States to handle sales to small airlines or corporations needing a single plane, as well as the back-up for them.

The design team took on the updating of the plane for its new market; the fuselage remained the same but it required new engines and modern avionics (electronic flight equipment) on board. The flight deck was redesigned, and strengthened wings which had been used in a version produced for the U.S. military market were adapted for the new model.

Since fuel efficient power was essential two American Garrett turbo-prop engines and new advanced technology propellers were fitted.

Applying for certification by the British Civil Aviation Authority but even more important by the FAA, the Federal Aviation Authority in the U.S., was difficult territory for Prestwick and Norman Harpur, a technical director from Bristol, was brought in to help.

Again, on the commercial side the switch from military sales required a change of approach. Export financing became a vital part of sales promotion since aircraft were sold in single figures and often to Third World countries.

John Janke, 35, who was appointed project manager to co-ordinate all aspects of the programme, recalls that it was not easy bringing people from other British Aerospace operations in the south of England to Ayrshire in Scotland—especially as the division there had been strongly independent. Some initial resistance and resentment was felt towards the new management team.

So the new team found morale at a low ebb because of the bleak outlook. But local feeling was quickly transformed by the new product and the prospect of increased employment which it provided.

Last month the division's test pilot, "Spud" Murphy, took the first production-line Jetstream 31 for a 65 minute test flight. British Aerospace says that firm orders, options, financial commitments and letters of intent have been received for 15 aircraft from customers in the U.S., West Germany, Norway, Latin America, as well as in the UK itself.

BUSINESS PROBLEMS

BY OUR LEGAL STAFF

Tax on krugers and sovereigns

I would like some clarification of the tax position re krugers and sovereigns. This is a very cloudy area and I would like to know the position (i.e. if it is CGT or income tax) if one holds krugers for some years and then sells some each year to get the tax exemption limit allowed for CGT each year. Only one purchase was made over 7 years ago and it is proposed to sell enough each year to obtain the £3,000 relief exemption under CGT. If it is taxable under income tax what are the rules governing this? I have seen articles in your paper in the past suggesting it is CGT under certain circumstances. Your help would be much appreciated.

Finally, I have seen it suggested that sovereigns are treated differently as they are legal tender in this country. Is this so and are they tax

exempt or subject to either of the two taxes mentioned above? If so what are the circumstances?

In your particular situation, some tax inspectors would probably not dispute a CGT computation. If your own tax inspector takes the view that the purchase and sales constitute an adventure in the nature of trade, you have a right of appeal against the consequent Schedule D case I assessments (as explained in the free Inland Revenue booklet TR87). The treatment of legal-tender sovereigns differs in that they are exempt from CGT (but not from income tax) by virtue of section 19(1) (b) of the Capital Gains Tax Act 1979.

Premiums for fleet cars

I run a small chauffeur drive private hire business and have come up against a VAT problem, concerning car insurance. The business is run as follows: individual

cars are rented to drivers, and they pay on a weekly basis for an agreed period of time, after which the car becomes their personal property.

VAT is, of course, payable on the renting charge. Comprehensive hire and reward insurance is arranged on a fleet policy on an annual basis by the company, with a for a particular vehicle whereby the insurance rate is determined according to the driver's claim record. The premiums for this type of insurance are very high which is the reason why the company has to pay the premiums as none of the drivers is able to provide such a capital sum in advance. The insurance premium payable by each driver is listed on his or her personal agreement, as a separate item, and as insurance is normally exempt, VAT has not been added accordingly.

We are now being requested to pay VAT for the period we have been operating, and this amounts to a considerable sum of money. The VAT officer concerned is adamant that VAT is payable on the basis that we have a vested interest in the cars, and insurance forms part of the hire package. What, please, is your view?

The supply of insurance is exempt from VAT under Schedule 5 Finance Act 1972 Group 2 if provided by an insurance company. Thus the supply to your company is exempt. The supply which you are making to your drivers is a car which is already insured. The fact that part of the charge made represents insurance paid by your company does not make part of the sum receivable by you an item exempt from VAT. If it could be argued that your company was acting as an agent for the drivers in obtaining insurance for them the position would be different. In such a case you would be passing on to them their insurance premium liability and there would be a supply by the insurance company to the drivers which would be an exempt supply. Your company would merely be acting as a collecting agent for the insurance company and would not have to account for VAT on the premiums.

Liquidators' duties

I am concerned with the winding up of a company I suspect of illegal trading. Is it the duty of a liquidator when winding up a company, to investigate the accounts? If a creditor is not satisfied with the liquidator, what action can he take?

The liquidator does have a duty to examine the accounts and the manner of trading of the company. Section 333 of the Companies Act 1948 enables him to take proceedings against a director if he thinks that director guilty of misfeasance towards the company. A creditor can also take such proceedings if the liquidator is unwilling to do so. No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

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THE ARTS

Television

All our tomorrows by CHRIS DUNKLEY



Sarah McNair, Michele Maxwell and Leonie Hofmeyr in "Boogie" which opened last night at the Mayfair Theatre in London

Bloomsbury

Die Fledermaus by MAX LOPPERT

Opera 80, the small touring group launched by the Arts Council in the year of its title to take opera to places where bigger companies cannot go... Die Fledermaus by Max Loppert... The opera is a comedy in three acts, based on the play by Friedrich Schlegel...

The Gilbert and Sullivan scenario now being played out over the Falkland Islands has served once again to highlight the role of television news in our lives and this effect will, I believe, increase if the plot grows nastier and more complicated and the British begin to lose international approval as now seems all too likely... Television came into its own as it always does immediately after the breaking of any major news story...

Television came into its own as it always does immediately after the breaking of any major news story... will a British government really order British warships to attack Argentine forces while British television cameras beam back live pictures via satellite into every British home?

body somewhere in ITV has noticed the tiresome dominance of the hansom cab and the bustle in British serial drama and decided to do something about it... Moreover, there is no other city in the world quite like Los Angeles to exemplify his argument about city size being a function of one hour's travel by contemporary transport whatever that is: foot, horse, or—in the case of LA—car. Yet I would have welcomed some brief explanation as to why a new apparently British series should look, sound, and feel so wholly American.

Festival Hall

Perlman/Canino by DAVID MURRAY

Itzhak Perlman's printed programme on Monday was short and odd: one Handel sonata, Schubert's rambling Fantasy in C and Stravinsky's "Divertimento"—ie, his violin-and-piano arrangement of the orchestral suite he arranged from the Ballet de la Fée... At the piano, Bruno Canino sounded a more positive part than the last time I heard him with Perlman in the Festival Hall...

Oliver

Words by Wodehouse

Some of us would rather have neuralgia than be tortured by nostalgia. For those who can bear a rose-coloured view of the past, I recommend this hour-long platform performance, based on the early career of P. G. Wodehouse... The play is a celebration of the writer, incorporating an exhibition, and music of the period, in the theatre foyer... Full of Talk" Musical arrangements are by Matthew Scott, and Sally Cooper winds up the evening with a note of lingering sweetness: in "Bill" from Show Boat.

Dominion Theatre

La forza del destino

by RONALD CRICHTON

Welsh National Opera, sponsored by Amoco, are in possession of the Dominion this week. Since their visits guarantee intelligence, and enterprise in staging and music, one need not begrudge them, the dog-eared term "festival". They opened on Monday with their production of Verdi's La forza del destino, with the original ending as written for St Petersburg... The staging has, I imagine, settled down since then, and what seems abrasive in the small New Theatre at Cardiff may lose cutting edge in the wider spaces of the Dominion.

Arts Council writers' bursaries

The Arts Council intends to award a small number of bursaries during 1982-83 to poets, novelists, and writers of non-fiction, whose work is of outstanding literary quality and who have had at least one book published... The bursaries will be given for the purpose of working on (including research) a specific book for a concentrated period of time. It is emphasised that writers of non-fiction works of literary merit, including those books which are in any way a support to literature (eg literary criticism) are eligible.

THEATRES

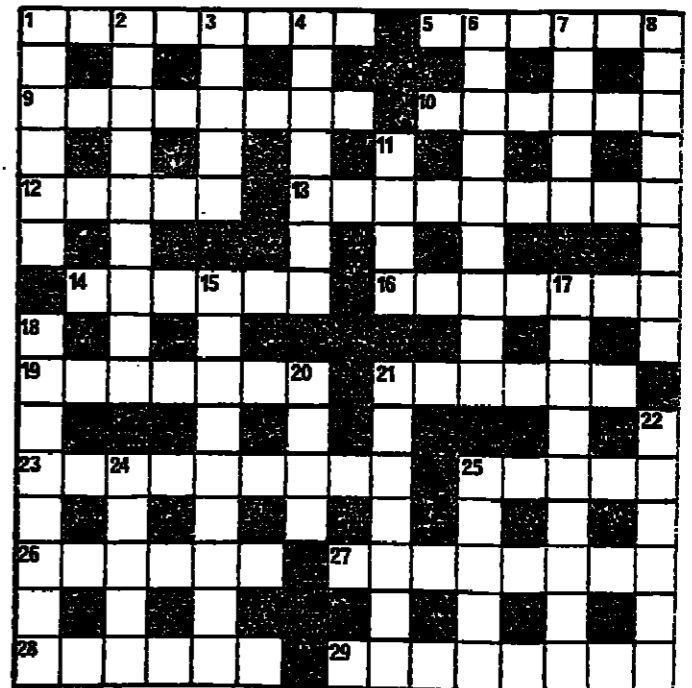
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F.T. CROSSWORD

PUZZLE No. 4842

- 1 French sea-song dealer (5)
2 Ancient city not quite supreme (8)
3 Setting symbols for cymbals, etc (8)
4 Drive close — what might result? ... (6)
5 ... drive forward about a mile, gaining power (5)
6 Beam-adjuster having ample dash control? (6)
7 Local order? (6)
8 Popular golfer retiring on one green (7)
9 Examination of Reading? (7)
10 Alignment of railwaymen? (8)
11 Tropic island grain (9)
12 Top of deciduous tree collapsing — keep people away (5)
13 Chatterer on target (6)
14 Criticism made of worthy fellow and run-maker (8)
15 Tigher for example soon returning (8)
16 Hospital stuffy yet not locked (8)
17 Body of players in street black-spot (4)
18 On the rocks, what a let-down (9)
19 Touchy as in—ie tabling motion (9)
20 Mince-pies ruined — one taken away as laboratory sample (8)
21 One of pride and punctilio, naturally (4)
22 Same again 5r perhaps? (7)
23 Records western ceremonies (6)
24 Heaten using cooking-vessel lined with silver... (5)
25 ... ornament shattering the credo? (5)
26 Breed of dog sent forward — by him? (6-2)



Solution to Puzzle No. 4841
INSPECT FORMIC
NUO P A A
CURRENT DIGATE
R P S R N R C
PRECURAGE ACNE
LUNAR G S W
COSIA AVERSIOM
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Impasse over Polish debt

THE RESCHEDULING by Western commercial banks yesterday of part of the \$15bn they have now lent to Poland will not mark any breathing space in the story of Polish debt. The credibility of the country's financial position becomes more tenuous as every day passes and is already stretched well into the realm of fantasy.

After a year of negotiation the banks have agreed to defer repayment of some \$2.4bn which should have been paid to them last year. They were only able to start talking about these arrears in earnest once Western governments had agreed, a year ago, to reschedule the repayments due to them in 1981.

Financial plight

The banks should really start discussing the inevitable arrears for 1982 immediately. But the Western governments have yet to begin their talks on government guaranteed debt due in 1982; indeed the American Government has yet to receive some payments due to it under last year's official rescheduling.

In the direct aftermath of the military crackdown in Poland, Warsaw governments decided to defer all talk of further rescheduling of official debt until General Jaruzelski had relaxed military rule, freed political prisoners and resumed talks with Solidarity and the Church.

As time has passed the evidence of the impact of Poland's financial plight on the world's economy has become steadily clearer—imports from the West are down 50 per cent so far this year and the shortage of Western components and spare parts has become critical for manufacturing industry. Yet, despite this squeeze, the authorities show no signs of liberalising their regime and, indeed, have publicly displayed their new and warm relationship with the hard-liners in Moscow and East Berlin. Meanwhile a spirit of lassitude rather than revolt appears to have descended on the country.

In these circumstances the efficacy of financial sanctions seems to have diminished and the arguments for a resumption

of the official dialogue on debt are gradually asserting themselves. Western governments can argue that they might have more influence on the Jaruzelski regime through continued negotiations over rescheduling than they do by standing aloof.

There is also the fact that rescheduling places more of a financial constraint on Poland than refusing to discuss its debts. The recent American decision to honour U.S. Government guarantees on Polish debt without declaring a default burdens Poland less than demanding the fees, the part repayment and the continuing flow of interest payments which form part of any rescheduling.

The harsh reality is that Poland has now come close to the point where repudiation of its outstanding debt might seem more attractive to Warsaw than rescheduling. Consider the outlook for this year. Poland will need \$3bn just to pay the interest on its outstanding debt. Under the most optimistic assumptions it might achieve a trade surplus of \$1bn. This means it will need to borrow an extra \$2bn merely to honour the terms of any rescheduling.

No reason

Fresh credits to this regime remain politically unacceptable and commercially questionable. The right approach for Western governments, in the absence of political concessions by Polish military government, must be to resume and spin out rescheduling of Poland's official debts as long as possible.

This approach involves accepting that a Polish default is now a likelihood. Major banks have already begun to make provisions against Polish loan losses as though such a default had taken place. So long as central banks and regulatory authorities react imaginatively and provided commercial bankers distinguish between the different merits of different Comecon borrowers there is no reason why admission of Poland's de facto insolvency need endanger the international banking system.

The quality of education

THE GOVERNMENT is right to include education in its economies in public spending. But it cannot be right to refuse responsibility for ensuring at least a minimum range and quality of educational provision for all children required to attend school between the ages of five and 16.

Evidence that an increasing minority of pupils are being denied adequate provision is supplied by a survey of schools and colleges directly run by the 96 local education authorities in England. The survey was carried out last autumn by the State's independent educational inspectors who say the findings: "Add up to a serious threat to the maintenance of standards and to desirable improvements."

Legal duty

The inspectors consider that only five of the authorities were completely fulfilling their statutory duty to provide for pupils to be taught according to their ages, abilities and aptitudes. Another 79 were unsatisfactory in only one or two of the various aspects of provision. These include a teaching staff and balance to cover the full range of so-called core subjects, enough books and equipment for laboratories and so on, adequate clerical and other support staff, and maintenance of premises in reasonable order. But were evidently viewed by the inspectorate as failing in general to fulfill their legal duty.

Although most schools were serving their pupils adequately, the piecemeal decay of provision in the minority and the frustration of improvements and new developments are disturbing. The survey showed a tightening concentration on the needs of academically able children who have always gained most from the service, at the further expense of pupils with aptitudes of other kinds. Remedial teaching was being sacrificed as were innovative studies, especially in craft, design and technology. A more insidious effect was that the decay was most pronounced in poorer districts particularly since schools were increasingly dependent even for basic materials on voluntary contributions raised by parents.

The damage cannot be blamed simply on central Government's decision to cut educational spending. While the inspectors found a tendency for conditions to be better in author-

ities which had kept up expenditure, sometimes in defiance of Government policy, much money was still ill spent. One common waste was duplication of courses for the 16-plus and 18-plus academic examinations both in schools and in further education colleges.

The prime determinant of a local authority's service is the effectiveness of its management in planning balanced use of the funds available and in resisting the contrary pressure of the unions, especially those representing teachers. The responsibility for effective local management belongs squarely to the elected councillors on the authority's education committee.

On the evidence of the survey, however, some councils are insufficiently awake to their responsibility. The inspectorate is therefore considering publishing its criticisms of at least the dozen authorities — not yet identified — which give most cause for anxiety. Although this would be an unprecedented step for a non-political State organisation to take, the national interest clearly requires it to be taken.

Minimum

But the inspectorate should not be left to tackle the problem alone. For another disincentive to effective local management of education is the lack of definition of the minimum provisions which local authorities are legally required to maintain. Since the statutes are vague, the minimum can finally be determined only by the courts. The Government, however, could at least make the position more clear.

It could spell out — in terms of quotas of teachers — of different kinds in relation to pupil populations, of minimum expenditure on books and so on — the range and quality of service a local authority must provide to avoid the risk of prosecution. The Government could also honour its post-election pledge to define a range of subjects to be taught in all schools.

The consensus of opinion in education is that ministers already have the power to lay down the minimum standards. But if they have not, they should acquire it by legislation without delay. Otherwise the Government cannot avoid the blame for unnecessary damage through a deteriorating educational service to the country's prospects of economic and social health.

BRITAIN'S NATIONALISED INDUSTRIES

Whitehall tries again

By John Elliott, Industrial Editor



Mr Robin Ibbes: inquiries for Mrs Thatcher



HAVING tried to control Britain's nationalised industries for some 35 years, the Treasury has at last admitted that it has not been doing it very well.

It is setting up a new Public Enterprise Analytic Unit to monitor the industries. It is also recruiting three outside accountants and has advertised publicly for someone of "high intellect, tact, determination and creativity" to become director of accounts in the new unit.

To an outsider these may seem fairly modest if worthwhile steps. But to chairmen of nationalised industries, they are just one part of a new set of potentially intrusive checks and controls that are being set in place by the Government following a report prepared a year ago by the Cabinet Office "Think Tank" (the Central Policy Review Staff) for the Prime Minister.

They are being introduced at a time when relationships between the Government and the industries have reached an all-time low. There have been constant battles over financing, over Government interference and privatisation policies and over the salaries paid to chairmen and board members.

Some Ministers have also made no secret of the fact that they would like to have more power to sack chairmen than is currently available under the industries' statutes. The announcement last Friday that Mr Glyn England would not be reappointed chairman of the Central Electricity Generating Board at the end of his current contract is a relatively rare occurrence.

The new arrangements are intended to improve Whitehall's understanding of business, and to rationalise planning, investment appraisal and reporting systems which have developed piecemeal since the 1940s and which still do not work well despite constant inquiries, reports, White Papers and experiments.

Industries will now be set new strategic objectives which lay down in order of priority what each is expected to do. A surprising number of industries have not had such clear objectives before and echo the complaint of Sir Peter Parker that he has never had any "idea what is meant by winning" in his present job as chairman of British Rail—in marked contrast to all his previous business experience.

Extra accountants and other experts are to be hired to bolster Whitehall's business expertise. For example the Transport Department is seeking to recruit a senior manager from the private sector to help head its railways directorate which already includes two accountants, one on secondment from the private sector. The Energy Department is trying to find an industrial adviser to help develop policy on its nationalised industries and is extending its system of secondment from the private sector by taking two accountants on secondment into its gas and electricity divisions and a

management consultant into its coal division. And the Industry Department is enlarging its industrial development unit, which was run down just after the election and which amplifies work done by civil service accountants. Mainly staffed by secondaries from accountancy firms and banks, its number of deputy directors (who report to a civil service director) are being increased from three to four, or possibly five.

One further major initiative which will take the longest to implement involves cutting the size of nationalised boards from as many as 16 people, to not more than 10. Two-thirds would ideally be non-executives with major business experience.

These non-executives would have special duties monitoring efficiency, as is planned for example in British Gas through two new efficiency studies units. A non-executive director of British Steel has headed a performance-audit committee for the past two years, and one of two other State-owned industries including B.I. have similar arrangements.

There are two views of what all this will achieve. One is that the Government will interfere far more, constantly "second guessing" the industries' top managers. First the CPRS will urge the Treasury and individual Government Departments to design the new reporting systems. Then the CPRS will be checking up on the Treasury which will be monitoring the individual Departments which will be monitoring individual industries.

And that will be as well as efficiency audits by some of the industries' non-executive directors, more efficiency audits by the Monopolies and Mergers Commission, and regular inquiries by the Public Accounts Committee and other Parliamentary Select Committees. (There

will also be one-off inquiries such as the study ordered last week of British Rail's financial systems.) The other view is that the Government will interfere far less and will not be constantly nagging the industries to produce more and more information, often for no apparent reason. This view is put forward by some senior civil servants who are prepared to admit that their relationships with the industries in the past

think some (like the top-level civil service opponents), feel secure enough with the old style relationships not to want potentially intrusive changes. Others feel so battered by a hostile Government that they are prepared to give almost anything the benefit of the doubt. None of them, however, is naive enough to believe that any organisational reforms would change the Prime Minister's over-riding personal distaste for everything they

have been spending so much time on individual questions like railway electrification, privatisation policies, Rolls-Royce, B.I. and Mr Ibbes's general inquiry that the proportion of the CPRS's total man-hours devoted to the industries has probably risen from about 10 per cent to 20 to 25 per cent or more over the past couple of years.

That is a measure not only of the importance of the industries generally and of the Prime Minister's frustrations at being able to do so little about them, but also of the vast amount of State funds they use up. Public spending estimates published just after last month's Budget suggested they would need £5.3bn of public support until 1984 compared with an estimate of only £290m optimistically written in a year ago.

Each nationalised industry chairman is having talks with his sponsoring Minister in the relevant Departments—Industry, Energy, Transport and Trade are the main ones.

Considerable progress is being made on objectives for British Steel, British Telecom, the Post Office, National Bus, and the electricity industry. But other industries will take longer. British Gas, for example, will be delayed till current privatisation legislation emerges from Parliament while British Rail is held up by its labour problems and by its recently announced financial inquiry. The National Coal Board's discussions are delayed till a new chairman is appointed.

Surprisingly, Governments have only rarely become involved in setting formal long-term objectives for industries other than those that have arisen from a specific issue such as building a power station or electrifying a railway. So in some cases Ministers

and their industries stand for. Sir Nigel Foulkes who retired a week ago after 10 years as chairman first of the British Airways Authority and then the Civil Aviation Authority last week said: "The nationalised industries run in lead boots—if they take them off someone stamps on their toes."

He also warned that the more closely Ministers and civil servants involve themselves in monitoring and directing the policies of the industries, "the more political trouble they lay up for themselves and the more debilitated and expensive they become." A "dialogue of the deaf" usually added confusion to relationships.

The quality of that dialogue has not in any case improved in the past year since Mr Robin Ibbes, who until last week headed the CPRS, started his semi-secret inquiry into the industries for Mrs Thatcher. The CPRS has become increasingly involved with nationalised industries issues and about six of its 20 staff have become part-time specialists.

A surprising number of industries have not had such clear objectives before

Men & Matters

All at sea

The Royal Navy, I'm sure, knows where it is going. But the Government's loss of direction was only too evident again yesterday.

An official of the Directorate of Overseas Surveys turned up at messengers Edward Stanford in London's Long Acre and departed with every map of the Falklands in stock.

The 80 or so maps—drawn up 20 years ago and in various scales—will be distributed to those in need around Whitehall. An Overseas Development Administration spokesman guessed: "There is probably a shortage of maps for official purposes now."

Ringing out

Just when Whitehall could presumably do with a touch of Hobbit-like sturdiness to stiffen its sinews in the coming or-foight, a Tolkien has deserted the Sir Geoffrey Howe's Treasury team to join the other side.

Richard Tolkien, a second cousin of J.R.R., has just started work on the corporate finance side of City merchant bankers Morgan Grenfell. After five years at the Treasury—the last few months of which were spent injecting the odd economic rune into Sir Geoffrey's speeches—Tolkien says he has succumbed to the lure of joining the commercial world. With studied understatement, he admits that there is a "discrepancy" between salaries in the City and in Great George Street.

Howe-watchers have been disappointed that Sir Geoffrey's public utterances under Tolkien management have contained only fleeting snatches of Norse myth and idiom. The nearest the Chancellor came to drawing on Middle Earth magic was in last month's Budget speech, when, with a quick flick of the wrist and a muttering of obscure Treasury incantations,

the money supply targets were deftly levitated three percentage points without the audience being aware how it was done. Tolkien says his job was very much to provide raw material for Howe, who would then work in his own ideas. "The speeches are very much his own—for better or worse."

Claret coup?

Bordeaux and Champagne may be about to become closer together in the business sense. Claude Taittinger, the expansion-minded chairman of Champagne Taittinger, says: "Now we are going to acquire a chateau in Bordeaux. We have something in mind."

Mindful of the fact that only so much champagne can be produced at Reims and Epernay he has taken his firm vigorously into non-champagne activities to the point where, although its champagne sales are bigger than ever, the noble wine now represents only one-quarter of total turnover.

Taittinger will not name his prospective connection with Bordeaux. But it can be said that he is given to producing at lunch a Chateau Chasse-Spleen 1976 from Moalis in the Medoc.

Russian gold

It's too early to say whether the Russian Zottoff family, lately of Levingrad, are a lucky lot, or whether fate has dealt with them harshly.

MIM, Australia's third largest mining company—admitted yesterday that it is sitting on a crock of gold worth almost £1m in the form of 830,000 of its shares, and is waiting for the Zottoffs to turn up and claim it.

The problem is that the family has not been heard of since before the Russian revolution in 1917.

Before the revolution four

of the Zottoffs owned shares in a company called Russo-Asiatic, which was formed in London and was eventually absorbed by another British company called Mining Trust. That was taken over in 1949 by the Australian company Mount Isa Mines.

Meanwhile, the unclaimed dividends are being minded by the Queensland public trustee.

Meanwhile, the unclaimed dividends are being minded by the Queensland public trustee.

Meanwhile, the unclaimed dividends are being minded by the Queensland public trustee.

Pit man

Once upon a time journalists attending City dinners were relegated to the Press table and were expected to pay for their own wine.

Times have changed, although whether journalists have is a moot point. Tonight the "black gang" that is writers specialising in mining affairs, will be raising glasses to the achievement of one of their number, Michael West.

He is to become this year's president of the 90-year-old Institution of Mining and Metallurgy.

A gamekeeper turned poacher? Well, not entirely. After graduating from the Royal School of Mines he worked in British coal mines for a spell before going out to what was then the Rhodesian Copperbelt. He became head of the ventilation department of the great Rhokana copper mine.

A different form of ventilation attracted him in 1960 when he joined London's well-regarded Mining Journal. He later became editor of both the MJ and its monthly associate the Mining Magazine. Since 1966 he has been the group editorial director and publisher.

West will be as intrigued as the rest of us to hear what the chief speaker has to say tonight. Neither working journalist nor, strictly speaking, a mining man, he is Saudi Arabia's oil minister Sheikh Yamani.

Going far

Fly away Seymour Grann. Come back Go La Tai. The managing director of Harlow-based international freight forwarders ROBA (UK) has been doing so much business in Taiwan that he has now acquired dual identity. Grann, in fact, has been given the chop—a special ivory seal with his own Chinese name and a declaration signed by 11 Taiwanese giving it legal backing.

In future, I can sign all my contracts as Go La Tai and then add my own seal in red ink," says Grann, currently negotiating £1m worth of deals covering everything from micro-electronics to cement.

Obviously a case of Taiwan-up-manship.

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Observer

FINANCIAL TIMES SURVEY

Wednesday April 7, 1982

Business Travel

The scramble to attract business custom has become a stampede, producing a baffling range of fares, classes and hotel rates. Because business travel is also now more expensive, company travel managers and specialist agencies are being called in increasingly.

Catering for the big spenders

BY ARTHUR SANDLES

IF THE LAST 12 months have done anything in the business travel world it is finally to make those who move around the world on other than pleasure a race apart. The scramble to attract the custom of the business community has become a stampede. Today business travellers have their own aircraft sections, their own check-in desks, their own car rental facilities and their own hotel deals. It is nice to be wooed. You could say that Sir Freddie Laker started it. He was the one, after all, who really put the bite into the fares war. As fares fell so did service. If you complained you were told that fares to Brussels had to be high to keep fares to Malaga low — and services to the Hebrides running at all.

In the end even the usually passive business community was forced to rebel and traffic began to flow to those airlines which did not seat business travellers cheek-by-sticky jowl with the bikini and sun tan lotion brigade.

And so came the age of the Club-type accommodation, which is of course simply a way of restoring to full fare-paying passengers the sort of service they used to get before the fares war started. Club systems have now

spread from the airlines to car rental and to hotels — the difference being that while cars and hotels offer discounts to regular users, the airlines continue their idiosyncratic marketing habit of penalising those who travel most.

The Club system is the biggest single demonstration of the travel world's determination to encourage one thing above all — brand loyalty. Regular users of any particular service, the argument goes, should be rewarded and so encouraged to become even more regular users. Brand loyalty is crucial to the suppliers of business travel facilities, for once a client, or even better a company, is won then the financial rewards are considerable.

Most businesses have that human characteristic of clinging on to a supplier or an account until forced to change. Although close examination of company spending is common enough these days, an annual review, for example, of the corporate travel suppliers along with rival pitches for the accounts involved, are comparatively rare.

Another reason for this loyalty, of course, is the fact that travel these days has become a much more complicated affair than once it was.



Cabin service in the first class section of a transatlantic DC-10. The airlines are wooing business passengers because they provide much-needed revenue in an important sector

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Most individual travellers faced with the baffling array of fares, classes, routes, visa and health regulations and political problems tend to throw the paperwork at someone else and demand the best deal that can be obtained.

This has provoked the growth of specialist agencies over the years and the movement within companies of travel arranging from individual secretaries to a central specialised travel manager.

In many ways this means that business travel has grown up. What was once a haphazard, if expensive, affair has now become a much more ordered if expensive one.

Perhaps the most worrisome aspect of business travel for its users is the precarious financial position of many of the suppliers, notably the airlines.

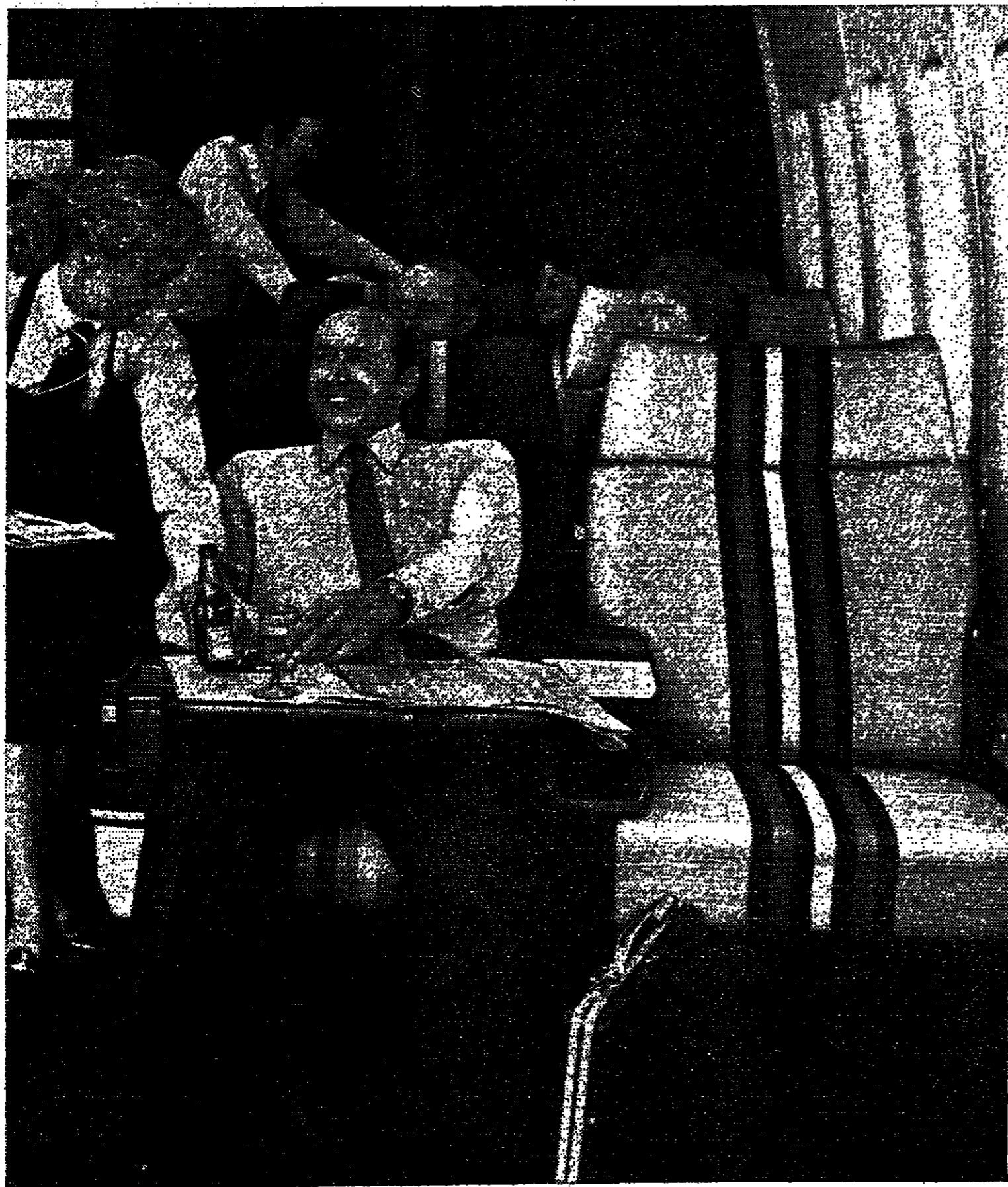
To venture on a long business trip in the knowledge that several of the airlines one is using are so near to the financial brink that at any moment some of those hard-bought tickets may become worthless is no cheering matter. But then it may be that the

financial difficulties of the airlines, plus the economic pressures on companies themselves, have both helped to convince commerce generally that travel is a serious affair involving real money. For many years it was regarded as a candyfloss matter where the people who travelled should consider themselves lucky and the people who provided the service were somehow not as important as muck-and-brass manufacturing. It was Sir Freddie once more who showed that the money involved in the travel business was real enough.

Business travellers are considerably higher spenders than holidaymakers and could be regarded as essential ingredients in major cities for the support of such enterprises as quality restaurants and first-class hotels.

In sheer number terms business travel is often more significant than some people realise. About 13 per cent of all British domestic tourism in 1973 was business travel, but by 1980 that figure had risen to 15 per cent as the business community widened its domestic sales horizons.

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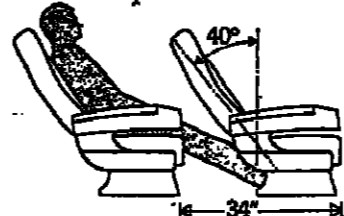
to get on the plane quickly. TWA Ambassador Class gives you all this. No other transatlantic business class can match it.



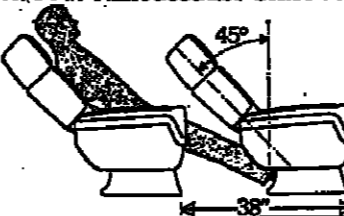
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TWA 747 Ambassador Class seat.



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Heathrow-Boston	11.30	13.40	747	Daily
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BUSINESS TRAVEL II

"Luxury no other airline can cap"

"You're talking through your hat, Qantas"

"Now, you've capped everything, Qantas!"

First, there are those unbearably comfortable Sleeper Chairs—the ones that deliver First Class passengers down under all bright eyed and bushy tailed.

Even Business Class has ridiculously wide chairs in pairs in a separate section of the aircraft.

Then, there's the cabin service, of course.

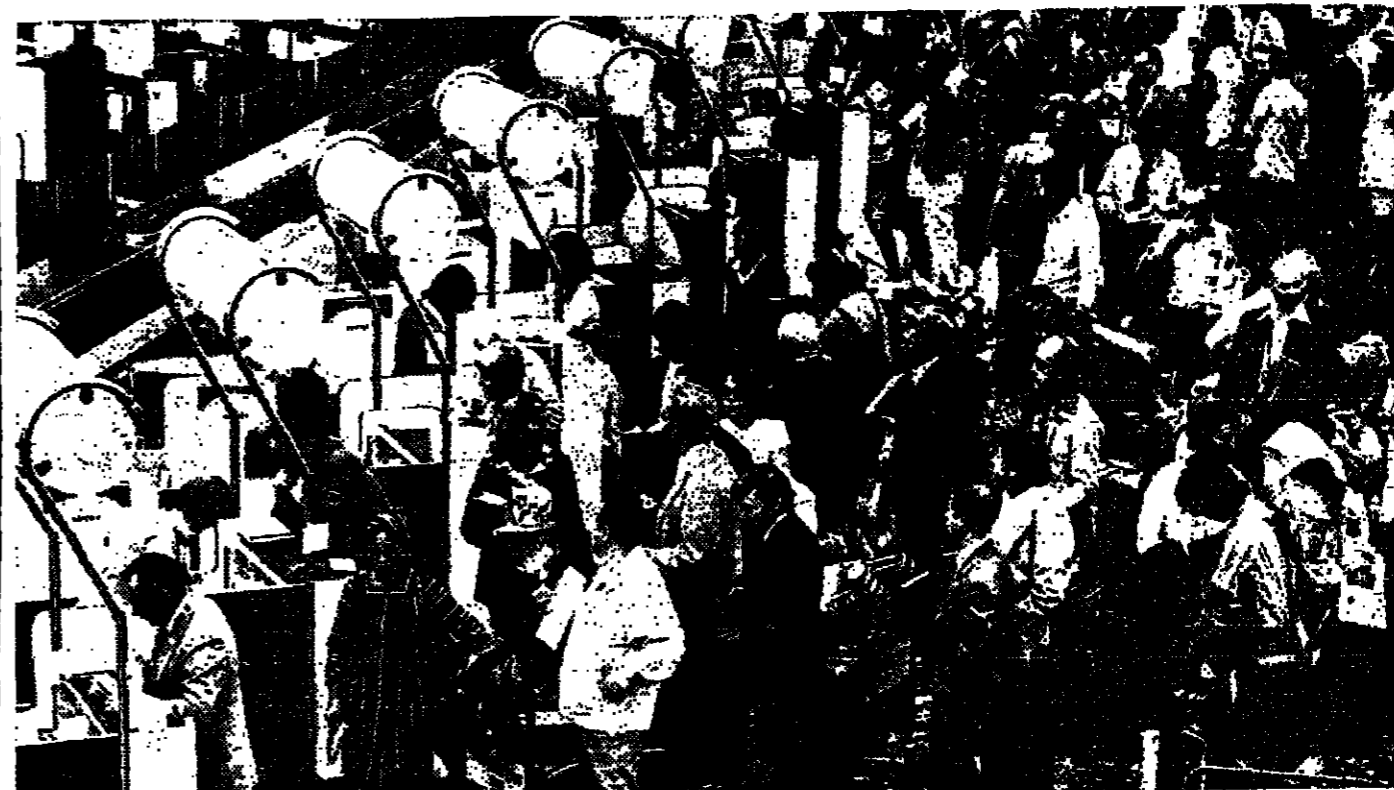
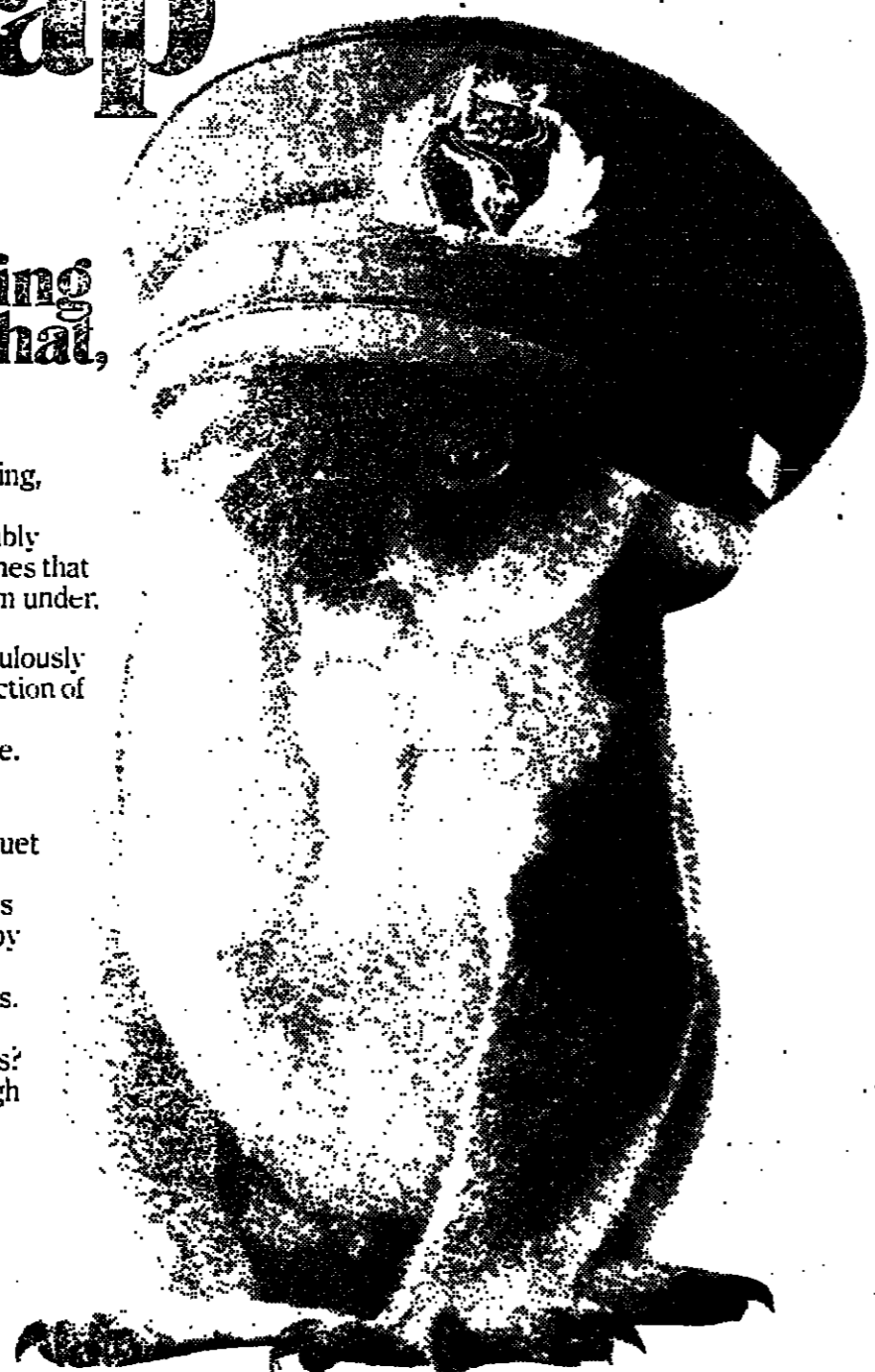
Providing the sort of personal attention that makes a Borgia banquet seem really quite tame.

OK. So you provide a Business Class cabin staff that's supervised by a Senior Steward who thinks he's already been promoted to First Class.

But a Business Class that's as good as First on some other airlines?

You've got to be talking through your hat, Qantas!"

QANTAS
The Australian Airline.



Airport queues are frustrating for business and holiday travellers alike. The airlines are making efforts to ease such situations for business people and give value for money for the higher fares they usually pay

Airlines trying to put the customer first

WITH THE recession still biting deeply into the world air passenger travel market, the airline industry, especially in the U.S. and Western Europe, is paying increasing attention to the business traveller.

While all sections of the market have suffered from the recession, it is the businessman who remains the mainstay of the scheduled airline business. The holiday and leisure traveller, although still significant, especially to the charter airlines, tends to pay substantially less for his journey, seeking discount and other promotional fares, whereas the business traveller tends to be the higher-fare passenger and therefore of more immediate value to the airlines.

The recession inevitably has also reduced the volume of business travel, but it is still substantial, probably accounting for as much as 60 per cent of all European scheduled, short-haul travel, and probably more in the case of long-haul travel. The ratio varies widely according to the route flown and the time of year—there is a larger proportion of business travellers, for example, on Northern European short-haul routes from the UK than on the Southern routes to the Mediterranean, where the holidaymaker tends to predominate even in the winter months.

At present, the business traveller is of much less significance to the charter airlines, where holidaymakers predominate. But this situation could change, if plans now being discussed by the Civil Aviation Authority in the UK to permit the sale of a percentage of seats on all holiday charter flights to non-holiday travellers are eventually approved.

The object of this scheme is to ensure that businessmen or others can travel conveniently between points not currently served by scheduled airlines but amply served by holiday flights. It is a revolutionary move, and could open up a new era for business travel from UK provincial cities to a wide variety of destinations in Europe.

At a time of increasing pressures on the airlines to cut the cost of flying, especially on short-haul routes—with the almost inevitable corollary of a deteriorating standard of in-flight service—it is becoming ever more important for all airlines to ensure that their best, and most regular, customers are kept contented.

Squeeze

It has taken many scheduled airlines a long time to realise that the business traveller is so important, and that in a period of acute squeeze on budgets, he is still prepared to pay for his privileges. In the days of rapid air transport expansion of the 1960s and 1970s, the businessman found himself increasingly regarded as second best to holiday and leisure travellers—the so-called "mass air travel market" to which the airlines turned their attention so eagerly in a bid to capture traffic at almost any cost.

The leisure traveller was wooed with a vast array of discount fares, and there were many reports of business travellers, paying higher rates, who found themselves sitting next to someone getting the same flight and standards of service for substantially less money.

Today, this situation is changing—although it is still possible to find hangovers from those days. Most scheduled airlines, however, have taken steps to ensure that the business traveller is given the personal style of treatment that he is reasonably entitled to expect for his higher fare.

The business traveller tends to be a particularly demanding type of person. Basically, apart from the normal expectations of all airline travellers of punctual, safe and reliable transport, he or she is particularly looking for

much greater flexibility in arranging and changing his flight reservations, especially at short notice, and is likely to demand a higher standard of in-flight service. For all of this, he or she (or their companies) are prepared to pay higher rates, especially for that precious flexibility, shorn of the restrictions that surround the cheaper-fare travellers' tickets.

The higher standards of service required by the businessman extend to preferential treatment both on the ground and in the air, with perhaps the most important requirement being total segregation from the cheaper-fare passengers who, frankly, can be a nuisance or at least a major distraction to anyone wishing to work or sleep on a flight, especially a long distance journey.

Valuable

All of the many inducements offered by the airlines to encourage more business air travel—such as special check-in desks and private lounges at airports, offers of secretarial services, and the ability to hire cars or make hotel reservations at preferential rates or with greater convenience—are undeniably valuable to the businessmen, and should be extended world-wide. But they are peripheral to the main requirement of better treatment in the air, giving the business traveller better value for money.

The most important single step in this direction has been the introduction of different classes of cabin on the aircraft, especially on long-haul routes, with accompanying variations in the standards of seating, and in-flight catering and other services according to the fares paid.

The names given to such different cabins vary widely, but the basic objective remains the same. Apart from First Class at the highest rate (other than on Concorde, which is in a class by itself), there is the Business or Club (or Ambassador or what you will) Class, usually situated immediately behind the First Class cabin, and with seating less luxurious than First Class but generally better than the Economy Class cabin which is at the rear of the aircraft.

On long-haul routes, this system appears on the whole to be working well, although there are some legitimate areas of complaint. One is that some airlines still persist in filling up vacant seats in the Business or Club Class cabin with last-minute cheaper-fare passengers—often noisy and unruly families—whose presence creates overcrowding and thus destroys the idea of the separate cabin for businessmen, which is to rest or work in peace.

On short-haul European routes, the trend (apart from a few airlines, such as Lufthansa and Swissair) is to phase out First-Class and introduce instead a new "Business" Class at the front of the aircraft, with the cheaper Economy Class behind. This system has different titles—British Airways calls it the "New European Product"—but the general aim is to stimulate travel by reducing fares.

The problem that appears to be arising with this form of air travel, from the point of view of the business (or higher fare) traveller, is that there is a wide discrepancy between the standards of seating offered by the airlines on given routes for the higher fares.

One example will explain. On a recent flight from Heathrow to Gothenberg with Scandinavian Airlines System on a DC-9, I found the Business Class cabin to be very comfortable, with only two out of every three-abreast seats occupied as a deliberate policy on the part of the airline, the middle seat being left empty to make the journey more comfortable.

On the return flight from Copenhagen to London in a Trident Three with British Air-

ways, the Club Class cabin, commanding the higher fare, was again three-abreast on either side of the aisle, but every seat was occupied, creating a distinctly lower standard of comfort than on the outward journey.

The point was not lost on many fellow passengers, and it has to be said that this way of seating people in Club Class is all too prevalent on European short-haul routes. It is doing much to bring into disrepute the genuine efforts of some airlines to encourage business travel at higher fares.

It is precisely this situation that is encouraging Lufthansa and Swissair, for example, to retain their First-Class cabins, because, as they rightly argue, there is a demand for the superior type of service that they can offer although admittedly at a higher fare. Just how the other airlines in Europe will cope with this kind of problem remains to be seen, but it is un-

deniable that this variation of quality of service for the higher fare is a matter of annoyance to many business travellers. It seems, therefore, that in Europe many airlines still have much to do to identify and eliminate these points of contention so far as the business traveller is concerned. It is probable that while the recession lasts, with the accompanying severe squeeze on airline revenues, the airlines will not be disposed to pander to the businessman in quite the same way as they might otherwise have done.

But, in the long term, the business traveller remains the one certain element in the current uncertain airline industry situation, and closer attention by many airlines to details of the task of keeping him or her happy is likely to reap substantial rewards in the future.

Michael Donne
Aerospace Correspondent

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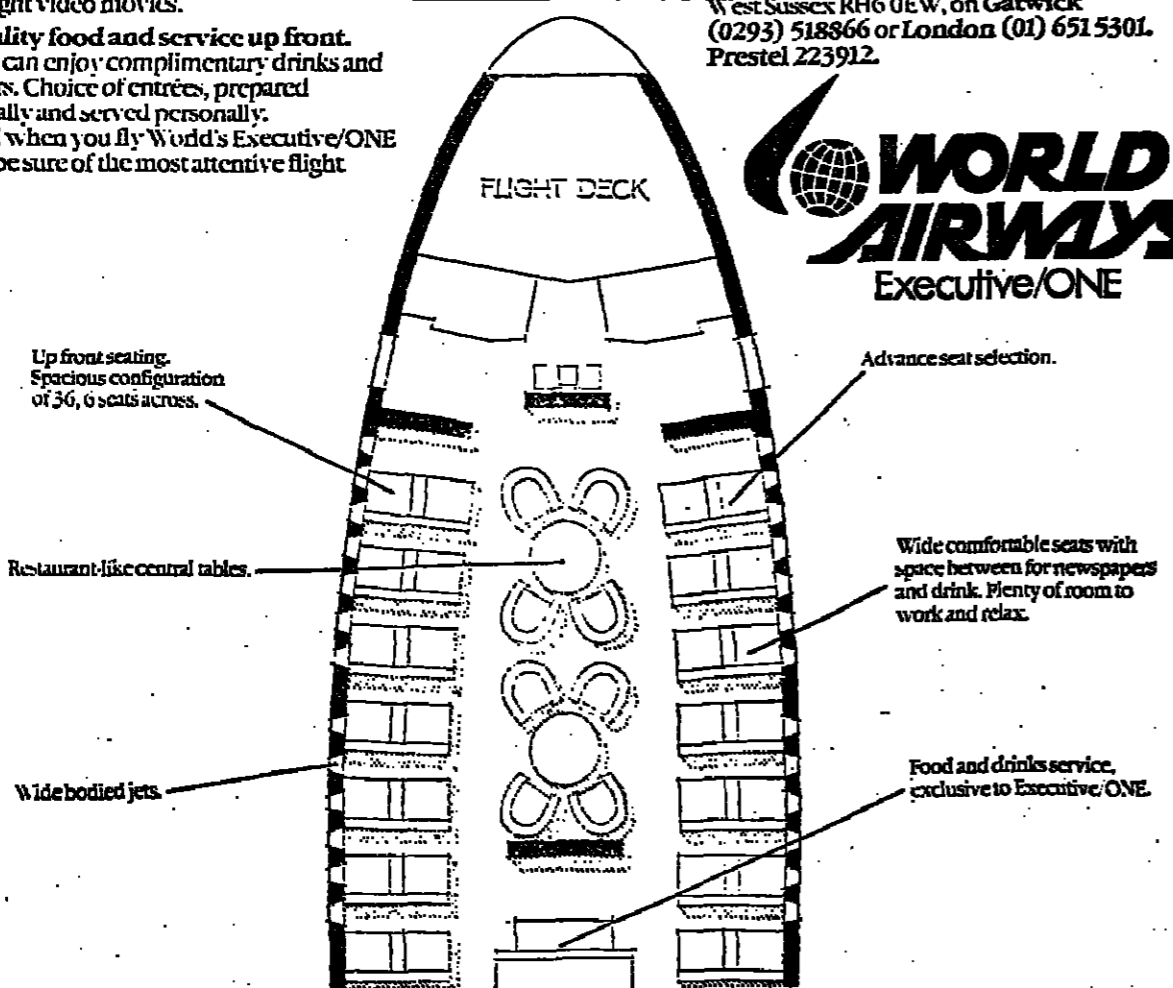
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BUSINESS TRAVEL III

Pressure on company budgets

IN THE current economic climate few organisations — irrespective of their size — can afford to ignore the ever-rising cost of sending personnel around the world.

Admittedly directors of multi-national companies, trouble-shooters, owners of casinos, sporting superstars and the odd pop group will no doubt continue to fly Concorde or first class right up to the total economic collapse of the West.

But many small and medium-sized companies can no longer afford to go in for the expensive travel of bygone days. Nor, if only for reasons of prestige, can they send their executives off into the night with a rucksack, a packet of sandwiches and a Youth Hostel card.

In the grey area of rising costs and shrinking funds, a great deal of attention is now being paid to the subject of getting the best possible mileage out of travel budgets.

For example, enormous pressure is now being exerted on travel agents and in-house travel departments to come up with cost-saving deals. For many the big temptation is to adopt a do-it-yourself approach with more and more companies—particularly smaller concerns—turning to budget shops in their quest for cheaper tickets and discounts.

The danger, of course, is always the risk of making false economies, both at the expense of the traveller and the company. There is little point in sending someone off on a stand-by ticket in an effort to save a few pounds if they fail to get on a particular flight and subsequently miss their appointment, which could then cost the company thousands.

Nor does it make sense to despatch key executives half way round the world, sweating it out at the back of an overcrowded aircraft, only to arrive at the destination feeling like a washed-out rag. Under these

conditions they can hardly be expected to function efficiently, whether the job is a technical task or a question of negotiations. Valuable time is easily lost because the traveller is recovering from the effects of the journey.

Nor can any responsible company be prepared to risk the possibility of their executives being off-loaded and forced to spend an unnecessary extra night—or more—for the sake of a discounted ticket. This not only affects the original cost-saving objective but also results in frustration and the potential failure to meet business deadlines and commitments.

Yet these are the sort of risks companies are now prepared to run in their efforts to cut travel costs. Risks which are not necessary as any good travel agent or in-house travel manager will tell you.

By simply knowing the ropes, there are perfectly legitimate and sensible methods of trimming budgets. Better forward planning which enables greater use to be made of business packages is one such way. There are any number of deals available, both off-the-peg and tailor-made, offering substantial savings to the traveller who can plan an itinerary around set dates. And there is a whole range of discounted fares which are available through accredited agents.

The problem for many companies, it would seem, is an inherent lack of trust in the middle man. The travel agent, rather like estate agents, is seen as something of a necessary evil. The feeling often is that once he has secured your business, he becomes either complacent or greedy, or both, and does not always then come up with the cheapest or most cost-effective deal.

However, competition is now so intense that there is no room for either shortcoming. Most agents today need the client as much as the client needs them.

For this reason, a good agent should be worth his weight in gold, not only in terms of accurate and economic travel planning but for providing a whole range of back-up services.

Depending on the size and type of the account, these can include a round-the-clock service, ticket delivery, insurance, passport and visa services, business packages, bulk purchasing power, meet-and-greet services, conference and trade fair arrangements, incentive travel schemes, VIP handling, freight forwarding and so on. For the traveller, there should be information on destinations, health, customs and climate, as well as currency and travellers cheques at short notice.

Translation

In addition to maintaining regular contact with the client, a good travel agent will also provide market intelligence, take care of personal holiday arrangements, provide translation services and even charter aircraft.

According to Ray Byerley, marketing director of Hogg Robinson Travel, one of the larger companies specialising in business travel, the role of the professional travel agent should be to establish and maintain a close personal rapport with its client to create a mutual awareness of all the complexities of both the travel industry and the

company's internal operations. "By building up an understanding of all facets of a particular business and its needs and by identifying forward travel plans and future requirements, any agent should be able to make constructive suggestions on how to obtain maximum benefit from travel expenditure," Mr Byerley argues.

But he adds, he has been frequently surprised to find that companies with a substantial travel budget and strict monitoring procedures and controls on operating overheads in other areas, still pay scant attention to their expenditure on travel.

"It is often the case that, on investigation, the projected expenditure figure has been grossly underestimated. Apart from the lack of control, it cannot be cost effective to have a number of personnel — and frequently the executives themselves — deeply involved in making travel arrangements," Mr Byerley says.

He believes that every company with an annual travel expenditure of, say, £200,000 or more should seriously consider appointing a travel manager or co-ordinator to process all travel and ancillary requirements for the whole company—irrespective of whether they are using a travel agent.

Although big generally means muscle in travel terms, it would be wrong to overlook

the High Street agent. Although they do rely heavily on package holidays, the principals of some of these operations are among the most experienced travel arrangers in the business. They can offer a personal service the big agents find hard to match.

Often their clients are based within a mile or so from their shops, so they can give you not only same-day service but also same-hour delivery.

Personal relationships are soon built up and an agent can get to know more about your travel problems than you do. But the truth is that an agent is only as good as his staff and in too many operations, staff are underpaid and under-trained.

The expertise of an agent, large or small, is worth a great deal, both in terms of time and money. No one would deny that do-it-yourself sometimes pays off. But there can be few people who can take the time and trouble to wade through a maze of fares and timetables, check out the inevitable restrictions on certain tickets, join queues for visas (generally only between 10 am-4 pm), chase around for currency, fix insurance, write to or telex hotels—and maintain efficiency in whatever it is they are supposed to be doing in the first place. It simply isn't worth it.

Mike Toyne



The job of the travel manager is not only to get the best deal from travel agents and other suppliers, but also to ensure that an over-zealous approach to cost-cutting is not counter-productive

Managers can trim costs

FEW FIGURES are more likely to raise the boardroom eyebrows at the end of the financial year than the corporate travel account. The company that does not now to take a closer look at the ways in which it spends its travel money today must be an exception.

The responses that usually leap to mind are these: 1. Cut back on all travel; 2. Move the travel account to a more cost effective agent; 3. Buy our own travel agency. All have their drawbacks.

Most companies, however, seem to have learned the lesson of letting travel completely off central management's hook. Only a decade ago it was not unusual for travel to be organised on a departmental basis, with major spending decisions being taken by relatively low-placed executives. Today those decisions are much more likely to be monitored centrally, for individual spending ceilings to be lower, and for there to be more constraints over standards such as flight class and hotel ratings.

Inevitably there is conflict between management and travelling personnel (when these are not the same). Those in control of the budget purse strings will not see why Blenkinsop should travel Club class, never mind First. Blenkinsop, meanwhile, will sweat it out for hours in some sticky terminal growing angry at the parsimonious nature of a company which won't allow him the seclusion of the Club lounge after all those days on the foreign road.

The Guild of Business Travel Agents (an organisation which has grown so much it is planning its own conference in the tempting oriental setting of Hong Kong this year) reckons that business travellers put service higher than price on their list of priorities. I suppose, however, that this is the view of the travellers themselves rather than the companies that employ them.

Price is still a major factor in the travel decisions of many organisations, from whether to buy a new car for the pool or whether to send a sales team to some foreign exhibition.

The number of travellers for whom speed and comfort is of the essence is a comparatively small one, as the airlines operating Concorde have discovered.

What companies increasingly have found, however, is that striking the right balance between service and cost is a sophisticated process. More and more the task is given to a combination of in-house travel manager and external specialist agency.

The post of the travel manager is a rapidly strengthening one, since that person is about the only filter a large company has to prevent the flow of travel money getting out of control.

The job of the travel manager is not only to get the best deal from travel agents and other suppliers. It is also to ensure that an over-zealous approach to

cost cutting is not counter-productive. To route someone via Moscow or Bombay because a budget shop ticket comes cheapest on that route is all very well until that person gets stranded for some reason and comes back clutching an expense account that would make Croesus shudder. And to put the sales team in a suburban pension when the rivals are all at the Inter-Continental may actually backfire on the order book as well as staff morale.

A good travel manager can both avoid these problems and ensure that a company gets a good deal. That is not to say that he should also be the travel agent, although this is a path which many a board, looking at the amount of money that is going on air line tickets and hotel bookings, think of taking.

Commission

The plain fact is that travel agents exist on commission that varies around the 10 per cent mark for various services (the biggest mark-ups are for such items as car rental and insurance) and that to provide the full range of services that a business travel house offers these days—visa processing, meet and greet services, 24-hour worldwide emergency service, conference organisation—takes a great deal of 10 per cents to support.

Companies thinking of going into the travel agency business on the basis of their own travel could do worse than ponder why BP sold Rankin Kuhn to Thomas Cook.

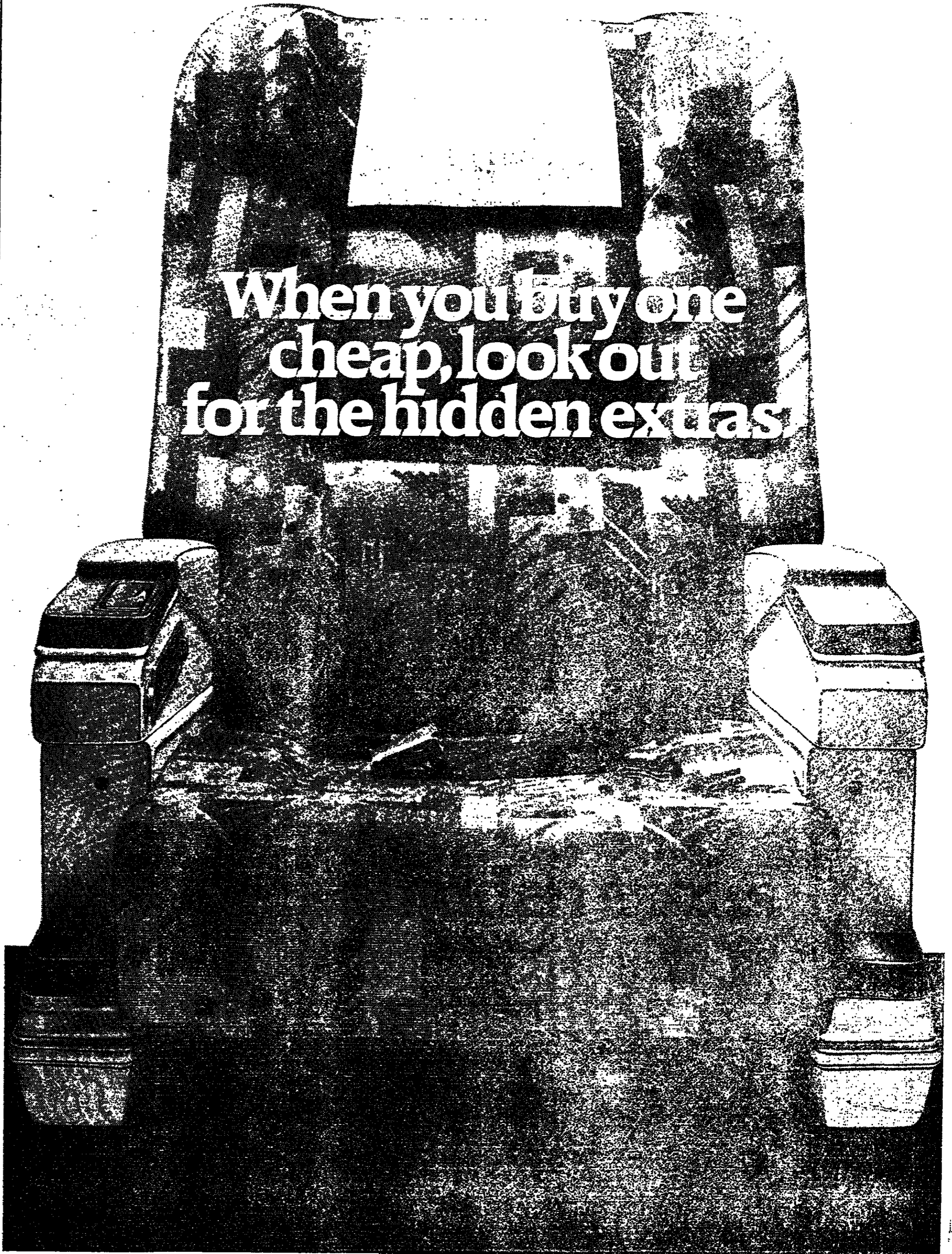
Being selective about the outside agency that a company uses is a completely different matter. The in-house travel manager will soon develop an ear for what is going on in the industry, which travel houses have the competitive edge at the moment and which ones are best to listen to when the time comes to consider a change.

There are, of course, drawbacks to all this. Your travel manager will be heavily wooed by suppliers, particularly if there is a large amount of business at stake. It is extraordinarily difficult to draw the line between what in the trade are called fam-tours or educations—that is trips organised by hotels or airlines or conference towns—and sheer bribes. If your travel manager has to spend time looking at hotels and possible destinations for next year's sales conference that may be all right, but start to worry if you find that the whole of the manager's family have deep surnames of the kind that you know his salary could not provide.

But that is to turn full circle. Companies have found that it is essential to have someone to manage travel, even though it may grant on departmental heads who have in the past been given free rein. There then comes the question of who manages the travel manager.

Arthur Sandles

When you buy one cheap, look out for the hidden extras.



BUSINESS TRAVEL IV

Car rental groups in fierce battle

SCENE ONE: The boardroom of Swan National: a directors' meeting over sandwiches in a less glamorous part of the West London suburb of Chiswick. The problem? The demand for vehicles is outstripping supply (this is the time of rail disputes) and turned-away customers are getting fretful. Answer: a gulp of coffee and a £3m investment in new cars.

SCENE TWO: Monte Carlo and a gathering of senior personnel from Europcar, the Renault subsidiary which now has Godfrey Davis in its fold. The problem? In a market where the majors are clawing at each other's throats where do we attack for growth? Answer: assault that section of the market currently held by the small local garages and rental companies.

Swan's dilemma earlier this year was not unusual for at that time it was all but impossible to rent a car at short notice in many parts of urban Britain. The company's reaction was provoked by the fact that, even with competitors suffering from identical difficulties, a prolonged period of turning away important business customers could mean the loss of some valued accounts. Spending money on increasing the fleet size a little earlier than might otherwise have been necessary was a preferable option.

This, as with the Europcar campaign against the smaller rental operators of Europe, is an indication of just how fierce the battle for the business market among the rental companies has become.

A few years ago it was the leisure market, and notably in Europe the American tourist market, which was seen as the fount of prosperity. Oil crises and economic downturns changed all that, and to some extent caused the march of the American majors to slow somewhat. Now the battle is in full flow once more, but this time it is business custom which is the prime sector.

Margins

The rental companies are competing in the two basic areas of price and service. A close study of rental rates for the past couple of years will show that margins in the corporate use sector of the business have been squeezed heavily as the rental companies have fought to hang on to the accounts.

While attractive rates are being offered to both business users and the airlines, as part of the package in fly/drive deals, for once it is the casual leisure renter who may find himself at the sticky end of the price war.

Business traffic is essential to the car companies not only because one agreement can mean hundreds, if not thousands, of actual rentals. Business traffic is usually evenly spread throughout the year (if there is a lull it is in the very summer months when leisure rental is at its peak) and usually for weekdays.

As car prices soar so the rental companies are less and less eager to tie themselves into volatile sectors of the market which demand sudden changes in fleet size. An idle car is a worrying burden in depreciation and interest and a sold car may mean a hefty capital loss if the sale comes at the wrong time.

The service aspect of the deal with corporate users usually comes in the form of a guarantee that a car will be available. This, of course, is the tricky bit. To guarantee that there will always be a car at Birmingham — for example, during a major show at the National Exhibition Centre — is quite a challenge. And there is always the executive who will roll off the last Shuttle to Edinburgh demanding a specific car at the peak of Festival time.

But guarantees are now part of the service that corporate users are demanding, and getting.

In spite of the determination of Europcar to start a period of aggression against the relative minnows of the rental market, it does seem that corporate renters will continue to operate in a buyer's market for a long time to come. Although the majors have problems and are in a business where profits are currently slim and financial risk considerable, it seems unlikely that any of the international and domestic giants will actually fall by the wayside.

Minnows

It must be realised that in most of Europe at least these majors still have less than half the total car rental business between them. These minnows as a shoal in fact have quite a lot of strength.

Business travel users of car rental services should not assume, of course, that big is necessarily beautiful. Where a large amount of travel is international or one way (treat here, drop off there) there is a great deal to be said for plumping for a large chain. However, where the rentals are domestic, and particularly where they are based to base, the good garage round the corner that is renting a small fleet of vehicles can be a very good bet.

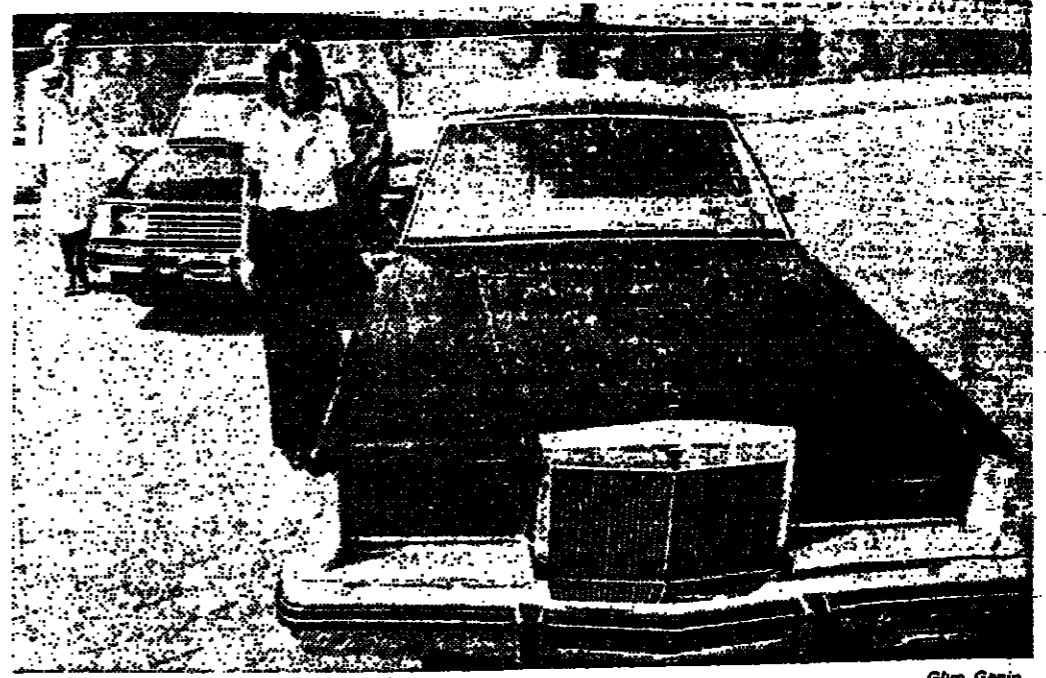
To some extent the rental companies have been helped by the increasing parsimony of corporate treasurers. The pool car—that is the vehicle that spends much of its day sitting in the company car park waiting for one of the staff to use it—is a diminishing if not a dying breed.

With even a modest vehicle costing £4,000 or more and maintenance costs soaring, companies trying to save money are likely to look to their car parks with an ever questioning eye. What the car pool loses the car rental companies hope to pick up.

At the same time the company car, beloved particularly in the British market where perks have long been encouraged rather than high basic executive pay, is under attack. Boards are less willing these days to tempt relatively junior staff with promises of four-wheeled delights. Again it is the car rental organisations that benefit.

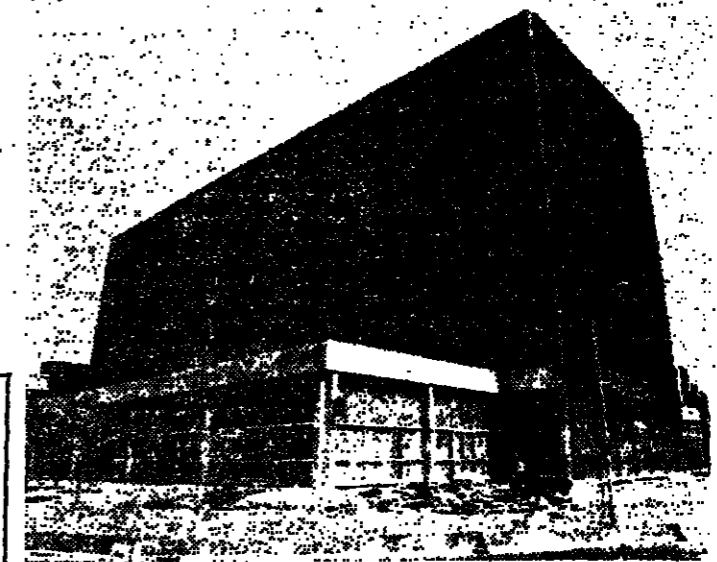
However, they will have to benefit a great deal more before they will show much sign of a smile on balance sheets. For the moment therefore the business traveller can sit back and enjoy the spectacle of the rental groups fighting for his signature on the rental contract.

Arthur Sandles



Glyn Gavin

Above: Vehicles offered by Hertz in the U.S. range from the subcompact car at left to the big Lincoln Continental. Right: the Holiday Inn at Leicester. The large hotel chains such as Holiday Inn are wooing the business traveller by offering a wide range of special services such as priority booking and discounts on both rooms and hire cars.



Hotel chains anxious for custom

THE TROUBLE with frequent business travel is that, after a while, all the major hotels in the world's biggest cities look the same. In one sense, this is what the executive abroad wants since he knows he can rely on a consistent standard of facilities from one of the big chains.

But it also remains true—as any seasoned traveller will admit—that it becomes increasingly boring to stay in the same style of hotel in some of the most beautiful cities of the world. Which is why some seasoned business travellers are increasingly opting to stay in some of the smaller hotels which have more character but perhaps fewer of the services—such as a swimming pool or sauna—that the big chains offer.

Yet such choice is still very much only for a minority of travelling businessmen, not only because many still prefer the guaranteed sameness of style in hotel chains but also because, more often than not, the executive's company is securing special rates from the hotel chain.

The hotel chains are anxious to build up their "captive" business audience and most now offer a variety of company rates largely tied to a formula under which the more room nights per year are used by a company, the lower the rate.

In cities where it is particularly hard to get a hotel room—such as in some Middle East countries—the corporate discount can mean that chains fail to maximise their earnings. But they argue that this is more than outweighed by the fact that the discount attracts business to hotels in other less popular cities and pushes up their overall occupancy rates.

The large hotel chains are also anxious to woo the business traveller by offering a wide range of special services which often are available only to members of special executive clubs set up by the hotel chains.

Benefits

Holiday Inns, which is the world's largest hotel chain with more than 350,000 beds available each night throughout the world, calls its club the Inner Circle. Membership is free, but restricted to Holiday Inns to the frequent traveller. Membership entitles the traveller to such benefits as priority booking, best available rooms, and personal cheque cashing facilities.

From next month Holiday Inns is also launching a special club for business travellers in Asia, with benefits which include fast check-ins and check-outs and discounts on both rooms and hire-cars.

In the UK, Centre Hotels is one of many chains which operate a special club for business travellers. The Centre Hotels' Welcome Club offers room discounts, free weekend accommodation for spouses, and guaranteed reservations.

Hotel chains, especially in the

U.S., are also beginning to pay more attention to the needs of the travelling woman executive. Security is improved in many U.S. chains with special coded cards which replace door keys, while shower caps are standard additions to bathroom facilities.

The Parker Meriden in New York has designed L-shaped rooms with women in mind. The idea is that the bed is hidden away so that business can be carried out in the hotel room without requiring a separate suite. This may seem unduly chauvinistic of the hotel, but it reports that such rooms are very popular with women business travellers.

Computerised

The large hotel chains also seek to attract the business client by their worldwide reservation systems. These computerised systems are the first requirement for any modern chain, often utilising spare capacity on an airline system's own reservation network.

The other main method of attracting business travellers is the standard of service. Most business travellers have their favourite hotel chain which has nothing to do with discounts, special privileges or whatever. Sometimes it could be simply because the clerks smiled in the Paris hotel or the pictures on the wall were attractive.

But trying to bypass these very subjective preferences and provide a high level of service can prove difficult since labour costs are now so high. Most hotel chains have gone as far as they can to provide automated vending services—for drinks, food and shoe-cleaning—but are now trying to develop computer systems to speed up internal systems.

Hotel industry analysts predict that by the end of the 1980s most major hotel chains will be far more computerised. The television in the room will hold messages and be programmed to answer questions, such as the location of the nearest theatre. Guests who pay by credit card will have their bills sent instantaneously to the central credit card computer which, incidentally, will also be able to vouch for their creditworthiness.

Apart from the individual business traveller, the major hotel chains are also competing vigorously for a share of the conference market, which has not been as badly hit by the recession as had been feared. The advantages of conferences for hotels is that they offer guaranteed occupancy, although the returns are not so high as for the individual traveller.

But from the travelling businessman's point of view—whether he travels alone or as part of a conference—he can look forward for some time yet to being wooed by the hotel chains for his business.

David Churchill

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BUSINESS TRAVEL V

High-speed trains a success

RAIL TRAVEL on the grand rail routes of Europe has taken on a competitive and attractive edge in recent months. France and Germany are leading the field and new trains, new services, a new confidence and pronounced benefits for both operators and the business traveller have merged to provide a sharp taste of competition against domestic air services.

In France, the ultra-high-speed "train a grande vitesse," the TGV, has earned a fine reputation with business travellers and holidaymakers since its introduction last September on the routes from Paris to Lyon, St Etienne, Dijon, Besancon, Macon and Geneva. The total investment in the new rail service has been 5500m for new rail track from Paris to Lyon and 3300m for the new trains, capable of 236 mph.

In the first two months after the start of these 160 mph services, the TGV fleet of 87 streamlined trains carried 1m passengers and made marked and unprecedented inroads into the air passenger market on these routes formerly dominated by France's domestic carrier, Air Inter.

French Railways, SNCF, claim that introduction of the TGV has generated an extra 6,000 passengers a day for the railway, with 1,000 of them taken directly every day from the Air Inter services. Air Inter traffic on the busy Paris to Lyon route has dropped by 30 per cent as a direct result of the TGV's introduction. Now the airline is replacing its high-capacity A300 Airbus airliners on the route with smaller aircraft to match the lower demand for its service.

One of the main reasons for the success of the TGV programme is the dramatic reduction in journey times by train. Before the introduction of the high speed trains, the 425-km rail journey between Paris and Lyon took a minimum of 3 hr 55 min. This was cut to 2 hr 40 min with the TGV running for two thirds of its length on special, purpose-built high speed track.

Convenient

The remaining one-third of the route from Paris to Lyon will be completed for high-speed, 160 mph running by autumn 1983, when the journey time will be cut from the present 2 hr 40 min to exactly 2 hr, city centre to city centre.

In sharp contrast, the present fastest time by air between the two cities, including the transit time to and from the airports, is 2 hr 10 min, and can be up to 2 1/2 hr. Quite simply, the TGV is faster and more convenient for many travellers than the air service.

However, despite the marked advantages in time, French Railways has not raised its fares for those passengers using the TGV service. This was deliberate policy by SNCF so that the TGV trains would not be seen as elite services designed to serve only the rich and the expense-account business market. Two-thirds of all seats are second class.

Passengers on all but a few peak services on the TGV pay exactly the same fares for the high speed service as they would



for equivalent conventional services. The normal first class fare return between Paris and Lyon is FF 478 with a FF 90 supplementary charge for passengers wanting to use the train in early morning, pre-lunch time or in the early evening.

The normal second class fare is FF 318 with a FF 54 supplementary charge for the trains at the peak times.

On the route from Paris to Geneva, a distance of 520 km, passengers pay FF 558 for first class travel and FF 372 for second class. The supplementary fares of FF 90 for first class and FF 54 for second class apply in the busy peak periods.

French Railways reported that load factors of 68 per cent had been reached two months after the service started in September, 1981. Two years before this target was expected to have been reached.

The Paris to Geneva route has been particularly successful with the two daily trains in each direction running 80 per cent full. Business travellers are especially attracted to the new service with 40 per cent of all new traffic on all routes going to first class seats.

All passengers have to make reservations for their seats, to avoid standing on all the TGV services. So far, the experience of French Railways is that between 75 per cent and 80 per cent of all passengers book on the day before departure, and the remainder book the day they travel.

The TGV has made a significant impact on the domestic French airline's traffic on the routes from Paris to

Lyon, but the biggest impact has been on road users. "Large numbers of motorists are abandoning their cars in favour of the TGV," French Railways say.

Next month TGV services are to be extended to the Mediterranean with through trains from Paris to Marseille and Montpellier. When the remaining sections of the high speed line are opened in the autumn of next year, further reductions in journey times are expected, with cuts of up to 1 hr 40 min to a wide range of destinations throughout south-east France.

Plans have already been submitted by SNCF to the French Government for extending the TGV network towards the Atlantic coast of France. This would bring high speed train travel to Bordeaux in south west France, with the line stopping just south of Tours. It would also go to Rennes on the route to Brittany.

Losses

Work on these lines, the TGV Atlantic network, could start next year and, if so, the network would be completed by 1985. By 1985, French Railways expect the number of passengers on the Paris to Lyon line alone to exceed 20m of which 17m will travel by TGV. This compares with 12.6m passengers in 1975.

In Germany, Lufthansa, the German national airline, has hired three high speed trains to take the place of some of its domestic internal flights between Frankfurt and Cologne/Bonn and Dusseldorf. The aim is to cut the heavy losses, estimated at DM 30m, on these air routes to an "acceptable" level of DM 5m after a period of three or four years.

The 125 mph luxury train travel is available to all holders of Lufthansa airline tickets, but not to the general public. The trains leave from the railway station beneath Frankfurt International Airport and take 2 hours 20 minutes to reach Dusseldorf station, a short further train ride to the airport. This compares with the 1 hour 35 minutes total time for the Lufthansa domestic airline flight, including taxi times, between the two cities. The service started on March 27.

Between Frankfurt and Cologne, the Lufthansa "Airport Express" train takes 2 hours exactly compared with 1 1/2 hours by air.

Lufthansa is sufficiently confident of the impact of the alternative train service that it is to cut its airline capacity on the domestic routes affected, by substituting smaller aircraft. Eventually, the scheme could be extended to other Lufthansa routes, to Nuremberg and to Stuttgart and, if successful, the Airport Express trains would replace completely some of the loss-making Lufthansa internal routes.

In Britain, the next phase of high speed Inter-City train travel, the Hitting Advanced Passenger Train, is still not in passenger service on the lucrative route for business travellers, between London and Glasgow. Alternative uses for the APT train may be found, possibly on other routes, or alternative electric trains may be used to boost Inter-City passenger services until the APT is ready for full passenger service.

Meanwhile, British Airways is well ahead with its plans to introduce the new, high capacity Boeing 757 airliners on its UK internal Shuttle routes, from next year, in an investment plan that is certain to make inroads into British Rail's traditional market for business travellers on the Glasgow to London route.

Lynton McLain

Meals being served airline style on a Lufthansa Airport Express, one of three hired trains which take the place of loss-making air services between Frankfurt and Cologne/Bonn and Dusseldorf. High-speed trains are often convenient compared with air travel because they cut out journey times to and from airports, and airport waits. France's 160mph TGV trains have attracted many extra passengers to the Paris-Lyon route, considerably cutting the time for the journey.

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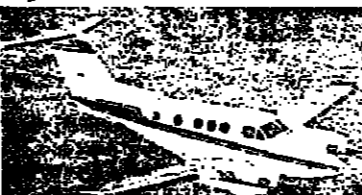
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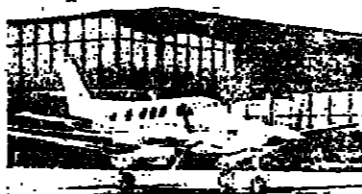
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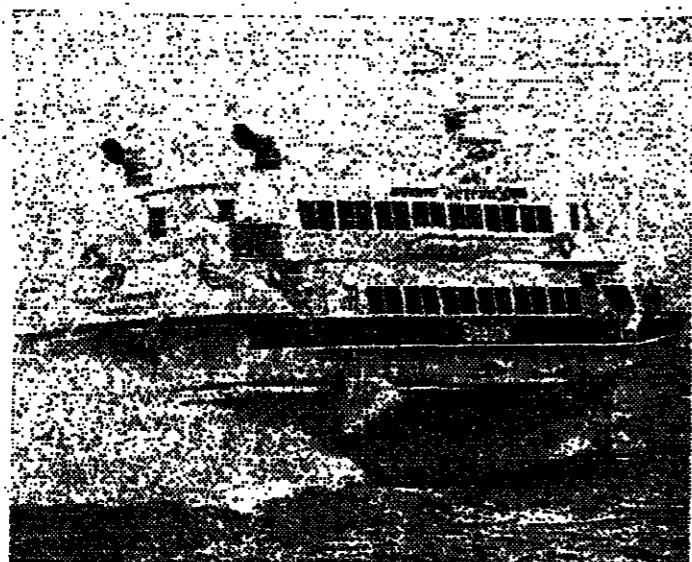
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BUSINESS TRAVEL VII

Faster by Jetfoil

One of Sealink's two Jetfoils, to be introduced on the Dover-Ostend route next month. These craft will cross the Channel in 180 minutes, about two hours less than conventional ferries, cutting times to European centres. Each can carry up to 316 passengers and there will be special check-in facilities at London Victoria Station and at Dover.



A ferry route may be a more convenient one for some trips

Ferry groups chase the market

FERRY COMPANIES, especially on routes between the UK and continental Europe, have been through some turbulent times these past two years. Severe price competition on the car and passenger side along with slack freight business has made their finances look highly vulnerable.

But things are slowly picking up. Major ferry operators like Sealink UK, part of British Rail, Townsend Thoresen, owned by European Ferries and P and O Ferries have all put their 1982 fares up by an average of 15 per cent. Freight business has also improved in recent months, as figures from the busy UK cross Channel port of Dover demonstrate.

For the businessman, ferries are not likely to prove a superior option over air travel in the majority of cases. To get from London to Paris, Brussels, Amsterdam, Frankfurt or any other major continental centre, flying must be the obvious choice unless the traveller sets off from a seaside region or is going to one, or wants to combine business with some time of abroad with his car.

Ferry companies do not generally stress the merits of using their services for business travel in their mass advertising. Nonetheless, they would clearly

like to attract more businessmen. Salesmen and engineers, for example, who may need to carry samples or spares by car, are an obvious market. Executives may be harder to wean over from air travel.

Not surprisingly, ferry operators gear their promotional activities to the holidaymaker, whether for extended visits in the high summer season or for bargain day or weekend trips during the off-peak autumn, winter and spring months. Most indications are that ferry companies will see their figures rise this year on the freight and passenger/car side, with profits more likely than during the last couple of years.

Neglected

Some ferry companies are aware that the business travel market, perhaps, has been a neglected one, although it is never likely to be anything like as large as that for pure holidays. P and O Ferries regards the businessmen's market as a small but valuable one and has introduced special "car breaks" for those who want the convenience of having their own four wheels.

Townsend Thoresen also goes for this market in a small way, while the Belgian partner in the Sealink grouping runs

fast Jetfoil services from Dover to Ostend which cuts two hours off the normal ferry time.

Brussels is the city which cross-Channel companies in Britain tend to concentrate on when considering the businessman. The Jetfoil, with four crossings each way per day on the Princess Clementine and Princess Stephanie, provides a cheap service from London to Brussels or Cologne with rail link-ups at either end. But the Boeing craft do not carry cars. The time from London to the Belgian capital is 5½ hours against eight hours by normal ferry.

In other parts of the world, such as Scandinavia, the Far East, or the North and South American continents, travel by ferry is often a much easier choice for the businessman. In many cases, hovercraft are used in coastal areas. Hongkong and Yuantai Ferries runs such craft into China and has ordered more from Vosper Hovermarine of the UK. The ferry company is also involved in a new group set up to run advanced fast hovercraft to Macao.

In Scandinavia, some of the biggest ferries in the world operate between the various countries in the region. The massive Finnjet, built by Wärtsilä, goes from Helsinki to Travemünde in the northern part of West Germany on the

Baltic, while ferries of similar size cross over to Stockholm.

One attraction of these ferries, for the business or casual traveller is the high standard of cuisine, entertainment, and shopping facilities.

Combining relaxation with work is the obvious way in which UK companies like P & O have hit on to try to sell the idea of ferry travel to more businessmen. Its inclusive tours department, P & O Ferriours, have included some European city locations to catch the eye of the potential business traveller.

It is also trying to encourage businessmen to take their wives, staying overnight at a business location and then driving off for another night elsewhere.

Revenues

In its next "car breaks" brochure, P & O will emphasise golf packages to such golfing areas as Le Touquet, Hardebol, and La Breteche in France. Whether or not businessmen are encouraged to travel more by ferry is unlikely to make any appreciable difference to its revenues. But ferry companies are eager for all the custom they can get now that profits are returning after the depressed trading conditions of 1980 and 1981.

Townsend Thoresen recently linked up with an Export Europe promotion by the Department of Transport in an attempt to attract more business travellers. It has not gone in for a hard sell approach to this market, but is now tending to pay more attention to the needs of businessmen. They can take advantage of special 60-hour and 120-hour excursion rates which heavily undercut air fares with greater savings if several people travel together.

In its gentle sales pitch to the businessman, Townsend stresses such points as: no waiting for planes and trains, no taxi queues, no staggering about with luggage and sample cases. Moreover, if exporters take their own cars, they can as easily get to smaller towns where they see business prospects as to the large ones.

However effectively ferry companies sell their services to businessmen, it is the holiday-makers who will continue to provide the bulk of their business. But the man or woman wanting to relax abroad as well as work can often find some attractive offers on the ferries or hovercraft, if there is time to spare or their programme is flexible enough.

Andrew Fisher

Links improving to get in touch

IT IS HARD to believe that it is only 50 years since William Boot, the journalist hero of Evelyn Waugh's novel, Scoop, stood at the counter of the Army and Navy Stores ordering cleft sticks to carry his news to a civil war in Africa. The Army and Navy didn't have any cleft sticks, but an enterprising salesman undertook to cleave some ordinary sticks for him.

Today's Boot, be he a journalist, salesman or company director, has an embarrassment of options. The number of business communications systems is growing and most of them can easily be adapted for the business traveller.

British Telecom is one of the industry's trail-blazers. It already offers a variety of communications systems that will make the travelling businessman's lot lighter. By the end of 1983 it plans access for UK companies for private business communications in Europe.

Tests

It will offer electronic mail, high-speed computer data and even conventional telephone calls by this system. It plans 12 trials this year. But the Financial Times was the first organisation in Europe to take part in tests of the Orbital Test Satellite with British Telecom and Deutsche Bundespost, the German telecommunications authority.

In November, the satellite linked the FT's London headquarters with Frankfurt, where the paper's international edition is published and for two weeks complete facsimile pages were transmitted from London to Frankfurt for production and distribution around Europe and across the world. The trials were a great success.

The future implications of this development for the business traveller are fascinating. Faxing systems are a rapidly growing part of business communications and British Telecom is determined to make them easier, simpler and cheaper. It expects the initial cost of providing a small dish satellite for Europe will be about £100m.

British Telecom is currently making big claims for the suc-

cess of its Radiopaging Service. This is a miniature radio receiver small enough to be slipped into an inside pocket. Each one has its own number which can be called from any British Telecom telephone free of charge.

The customer needs only to tell British Telecom the coverage area in which the service is needed and then the control computer is programmed with the company's instructions. When, say, the sales director wants to contact a salesman on the move, he simply dials the personal paging number and wherever the salesman is in the coverage area his pager will beep.

The pager also has a built-in silence gadget. If you are in circumstances in which you don't want to be disturbed by a beep, you simply switch to "memory." Later, when you switch over, an instant beep will mean there is a message for you at the company.

Another good British Telecom aid to business communications is its pack of International Direct Dialling Code Leaflets which cover about 130 countries, including Russia and the Warsaw Pact nations. The pack comes with complete and very simple instructions for direct dialling, and even at the cost of adding to that Paper Mountain I've written about elsewhere in this survey, it can save a business traveller many a headache.

Telecommunications people are looking carefully at the development of Citizen's Band Radio as an aid to the business traveller. There are already more than 250,000 illegal users of the system. At present it offers many benefits, including forwarding of bad traffic conditions, and CB users can then make emergency arrangements.

Take the position of a business traveller driving from city A to city B in the U.S. There is an urgent message for him. It would be put out on a Citizen's Band Radio and somebody will pick it up. This does not happen now, but fans of the service say that the possibilities for aiding business travel are endless.

With all this, the development of Telex, courier services, fax-

ing systems, go on, the average business hotel is now like a military headquarters. Perhaps it would offend the people of Evelyn Waugh's 1930s, drinking your lunchtime Tio Pepe to the sound of a Telex machine. But most business travellers would agree that it is better than cleft sticks.

Alan Forrest



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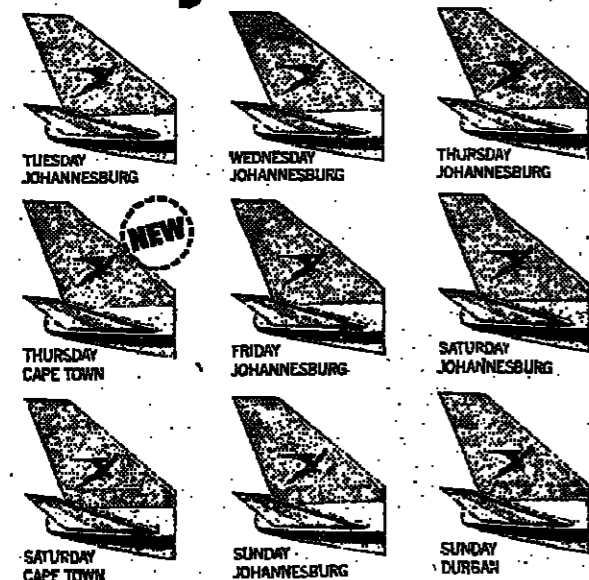
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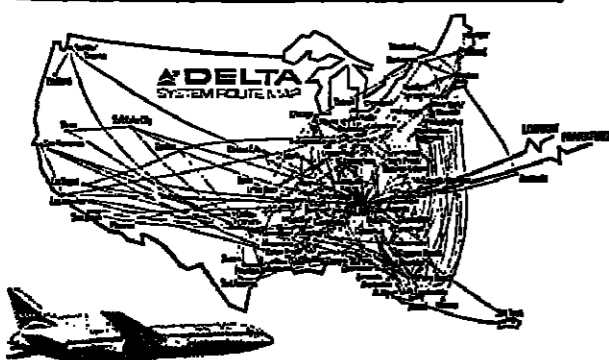
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Guidebooks: how to shorten the pile

ANYBODY WHO has ever made a business trip outside his home base knows about the Paper Mountain. It grows as one moves around—the combinations of packs, booklets, scribbling pads, publications and invitations. By the end of the trip you're sinking under the weight of paper and, as some of it has to be kept, packing a suitcase is hell. You need an extra one.

This article is not intended to suggest adding to the mountain. But people travelling on business do need guides and the problem is to find comprehensive guide books for a particular area or country which give a maximum of information and do not take up too much space. With the growth of the guide book industry there are now food guides, pub guides, sports guides, hotel guides, breakfast guides—you name it! The ideal is to find a couple of guides that embrace them all.

Portable

There are several organisations producing compact and easily portable guides aimed at the businessman on the move. Among the best are those produced by the British Overseas Trade Board. Its clutch of over 30 booklets "Hints for Exporters" puts a guide round the earth more effectively than Puck did. The fattest of the set is—not inappropriately—the guide to the United Arab Emirates, 48 pages and all of them roughly 5 in by 1 in and easily slipped inside an airline bag.

They seem to give exactly the information a travelling man wants. The short history of each country, covering just a page, should be read carefully—many four pos can be avoided. The pages include topographical information, travel and health hints, advice about tipping in hotels and restaurants, communications services ranging from sophisticated electronic links to the local telephone call, import and export statistics, banking information, business methods, public holidays and even advice on debt collection and disputes.

Here are a few examples: The book on the Republic of China advises: "Pamphlets and brochures should not be glossy-type advertising material but

should contain sufficient technical details to enable end-users, on the basis of detailed comparisons with competing products, to recommend purchase to a trading corporation."

There are items of lighter advice—the right dress to wear for dinner in Brazil, when milk should be boiled in Portugal, how to go from Jakarta to Bandung by train and advice on "conservative dress" for women executives visiting Saudi Arabia.

The range of books covers Austria, Bahrain and Qatar, Belgium and Luxembourg, Brazil, The People's Republic of China, Cyprus, Denmark, France, Finland, West Germany and West Berlin, Gibraltar, Greece, Hong Kong and Macao, India, Iraq, Indonesia, Ireland, Italy, Japan, Jordan, Kuwait, Malaysia and Brunei, Malta, The Netherlands, Norway, Portugal, Madeira and the Azores, Saudi Arabia, Singapore, Spain, Sweden, Switzerland, Turkey, the United Arab Emirates and Oman, the U.S.

They are available from the British Overseas Trade Board. Another series of books aimed at pointing the travelling businessman in the right direction is produced by the Confederation of British Industry. Called Living Costs, it consists of three volumes, covering West Europe, Asia and the Middle East in turn. A CBI official said: "The three volumes cover a wide range—the price of consumer goods in Bangladesh, the best public transport in Korea, personal care in Indonesia, salary levels in Bombay. These are just a few items of the invaluable information in the three books."

The CBI's guide is updated every year and sells at £20 a volume.

The Institute of Directors recommends the Guide to the EEC, published by IDEA, the European organisation of company directors. It gives all the latest information on legislation in the Community and is available free to members of IDEA. With any of these excellent guides tucked into your hand luggage, the question remains—do you add to the paper mountain with any more? For any business traveller looking for extra illumination on his overseas destination, I recommend the Travel Bookshop in Abing-

don Road, London W8.

But there are a few personal choices. The days when you could shout loud enough in English to be understood have been over for a long time. However, with the extending frontiers of business travel, there is still a need for phrase books. Few people can be multilingual and "is the cathedral to the right or the left of the public lavatory?" is not likely to help anyone get a £5m order.

I recommend a new set of phrase books put out by Richard Drew, a new Glasgow publishing house. Real pocket-size books like these will not add appreciably to the paper mountain. And apart from size and convenience, they are pretty good phrase books.

There are six of them—French, German, Greek, Italian, Portuguese, and Spanish—but more are planned. They cost £1 each and are produced by a company which is looking at the new travel book market having accepted that many people who go abroad are not tourists.

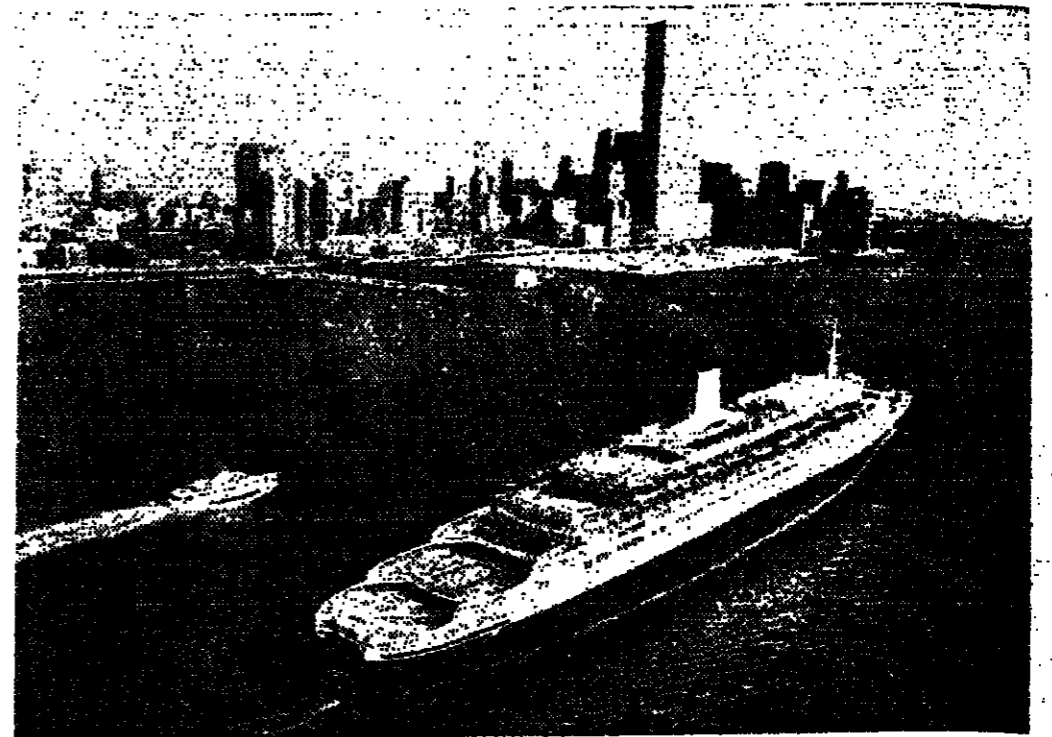
Apart from giving you phrases phonetically, there are travel tips and restaurant menus from each country. The confirmation that mousaka is really an up-market Lancashire hot-pot, which I have argued for some years, made my day. Even the page headings, "Honey-moon," "Month Watering" and "Nudist Beach" whet the appetite.

Tactful

They are more than just phrase books. They give travel tips, guides to public signs and phrases which might label you as a person of tact. Just as important, they give phonetic pronunciations of each foreign phrase—and even the exceptions. Such as in the Spanish book—"k is like the ch in Scottish loch."

There are guides to travelling in the UK which, although not slimline, may be worth including in the luggage. Egon Ronay's Pub Guide provides some nice suggestions for giving foreign visitors a look at traditional England without breaking the company's entertaining budget.

The British Relais Routiers Guide is another that could help the traveller—200 restaurants which give good food, atmosphere and good wine at around £20 for two people.



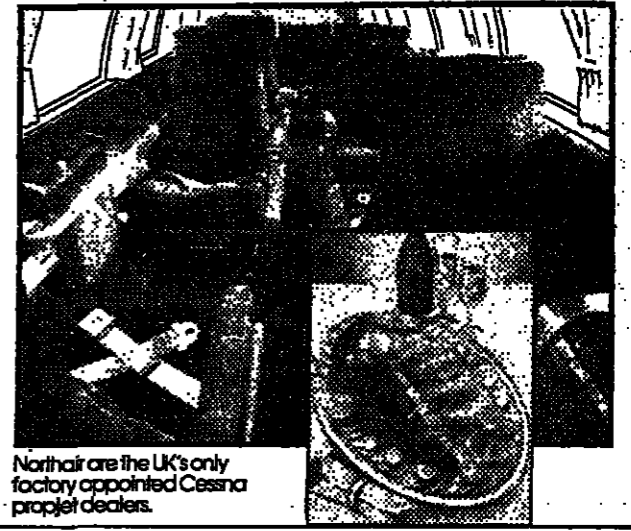
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Learning how to cope

Organisation, we are told, is the key to successful travel. The problem is said to be doubled for the woman traveller, due to all those complications arising from her clothes (about which more later).

However, I am in no doubt that the biggest problem for the business traveller, male or female, is learning techniques for gaining personal time. Breakfast meetings at eight in the morning at one end of the day, followed by drinks, dinner and socialising at the other—way beyond the time when one normally would be at home with the family, are the bane of the business traveller's life.

No doubt salesmen after export orders have to put up with it, but for the rest of us it is a matter of commonsense that it is impossible to operate effectively when over-tired, over-fed and hung-over.

I have learned the hard way that popularity is not the name of the game. Passing up the drink, retiring with a good book after dinner, leaving the others to disco the night away doesn't earn you many friends but for some people it is the only way to cope the morning after.

A really good book and a portable hairbrush are essential armour in my view. I know one seasoned traveller who simply puts on his earphones and his neighbours in airplanes no longer trouble him. A serious-looking tome isn't in the same class as a deterrent.

Beckon

I was once given a fool-proof method of ensuring that you had a railway carriage to yourself—you sit in the window beckoning to all who pass—I haven't dared try it but I'm told it works a treat.

For the female business traveller a hotel that offers a good range of services makes all the difference to her comfort. Few women like dining alone in restaurants so a hotel with a good range of meals they are prepared to serve in the room is important.

In theory, the efficient female executive travels exclusively in crease-resistant clothes—in practice there are few that most of us could care to put on our backs—a good 24-hour laundry service is a must. (I have a friend who will be nameless, who never went abroad on business without taking all her silk shirts to be dealt with by the

hotel's laundry service at her company's expense.) It should be prepared to press clothes (or lend an iron) and have a ready supply of hair-driers.

Carrying luggage is a major problem. I find, if you're travelling alone it is essential to be able to carry it all yourself—porters are often few and far between and trolleys always seem to be stored in some place so far that you might as well carry your luggage to the check-in first.

Those who travel a lot do well to invest in small sizes of all their favourite make-up, if necessary buying lots of tiny plastic bottles and decanting into them. Nowadays you can buy miniatures of almost everything from soap (though personally I find tubes of soap easier and less messy to carry than bars) to tooth-paste, and these can significantly reduce the weight of your baggage.

The golden rule that we've all heard a thousand times and find it so difficult to live by is "always take as little as possible, we always turn out to be less than you think possible." You can make outfits do double-duty by mixing weights of fabric. Take, for instance, a silk shirt and a wool sweater which go with the same outfit, so that you can wear the outfit in a hot climate or a cold one.

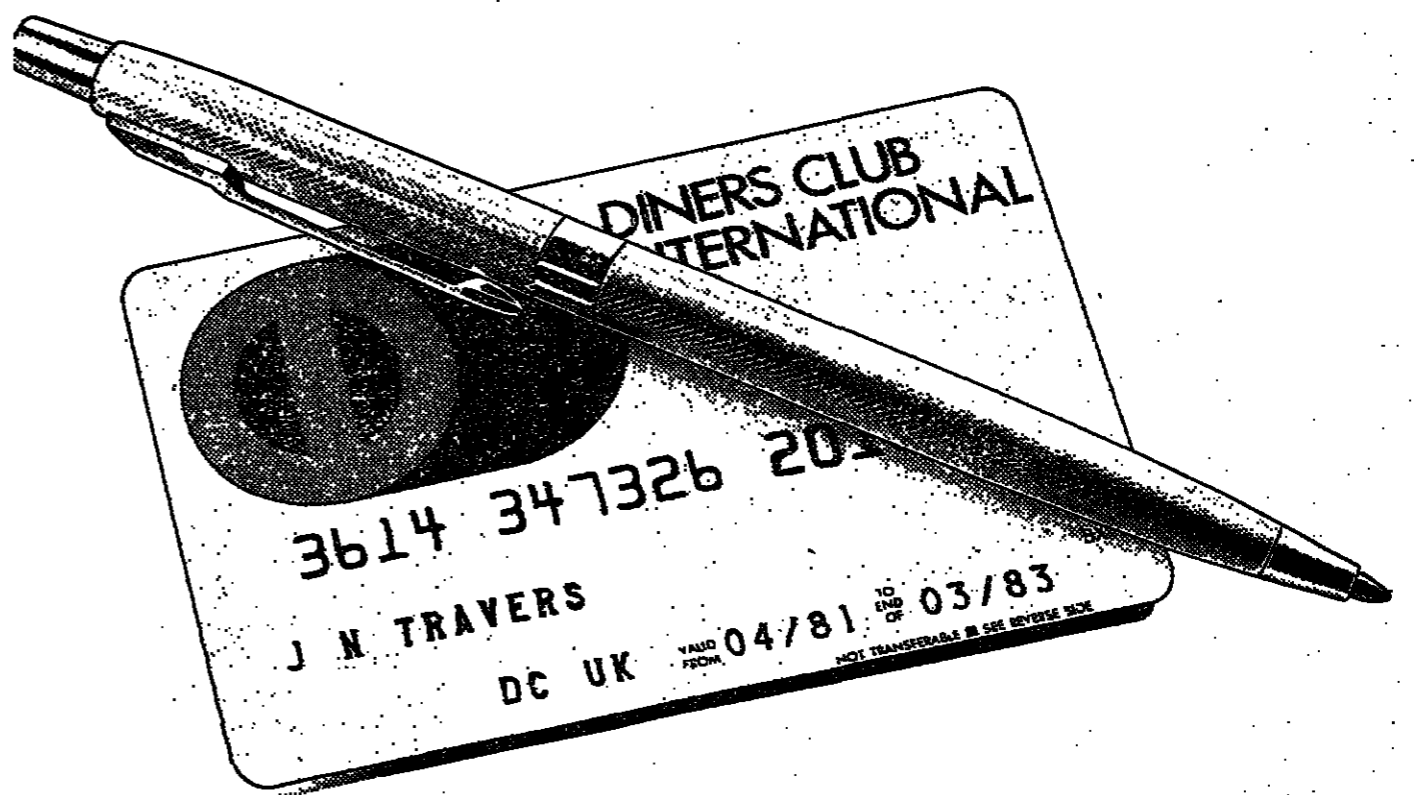
If you can bring yourself to restrict your colours, you then can cut down on that arch culprit in weighing down baggage—shoes. Thermal underwear is marvellous for enabling the traveller to do without heavy coats or jackets.

If you travel a lot, I think it is well worth keeping a bag of essential make-up, washing things and medicines like aspirins, plasters and Alka-Seltzer at the ready. Disposable toothbrushes are now available almost everywhere and they are well worth carrying in one's handbag for a quick freshen-up.

A good alarm clock is, I find, an essential for any traveller and for those who like to keep the weight of their baggage down you can now find wrist-watches with an alarm attachment to them, as well as watches that will tell the time in most time-zones. Some of the small quartz alarms now available are light and take up almost no space at all.

Lucia van der Post

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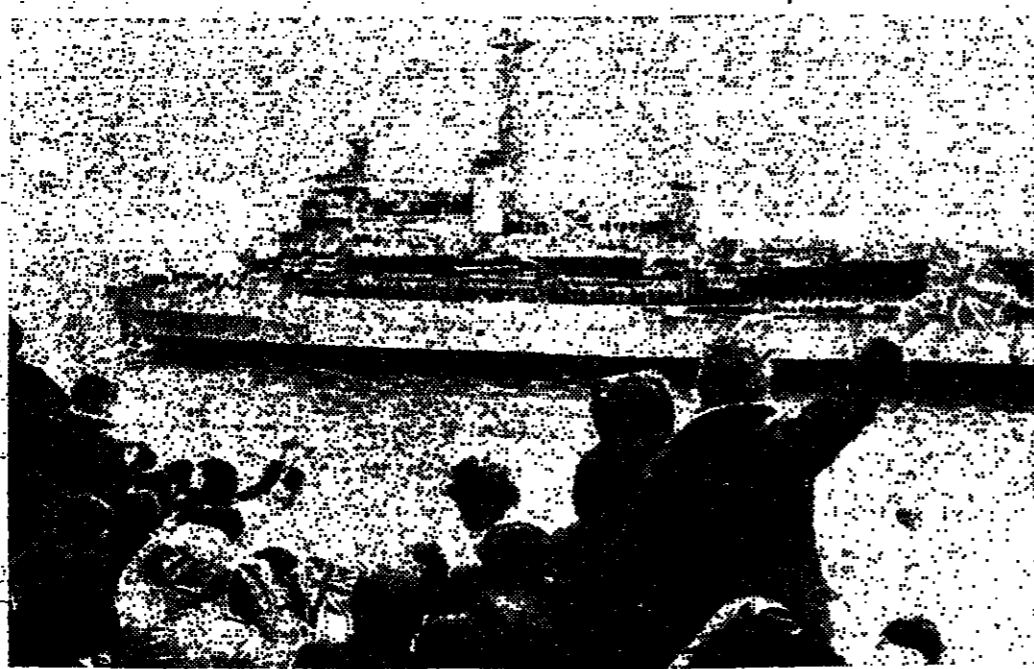
FOREIGN AFFAIRS

Economic recovery

A principle is a principle

By Ian Davidson

THE BRITISH armada sailing south towards the Falkland Islands has all the ingredients of a potential disaster in the making. Everybody knows that the islands do not represent a vital national interest in any material or strategic sense, and successive governments have been trying for years to find a decent way of reducing, and eventually abandoning, responsibility for them.



HMS Fearless, leaving Portsmouth yesterday, for the Falklands

No reasonable man could fail to be appalled at the risks ahead. British concern for the islands was only sustained by the wishes and interests of the 1,800 islanders, yet it seems implausible that any military commitment could be sustained except at the cost of substantial destruction of those interests, together with significant loss of life among the islanders.

Recovery of the islands on these terms would render the whole operation pointless, but it would nevertheless require the British Government to assert its sovereignty for an indefinite future, at the cost of a significant defence force stationed in the area. Such an outcome would be doubly damaging at a time when the UK has more than enough difficulty in funding the conventional forces it requires for its major strategic role in Europe and the North Atlantic.

If reason survives the buffeting it has received from the Argentine Junta, then the underlying thrust of British policy must still be to reach a negotiated settlement which would avoid the necessity of a wholly absurd and anachronistic naval responsibility in the South Atlantic.

Yet given the jingoism rampant in Argentina, and the energetic way the Argentines are digging in on the islands, it seems implausible that negotiations can resume on the principle of sovereignty without a major naval engagement, and then only if it ends in a resounding British victory. At 8,000 miles distance, that could prove to be a big if.

Even with such a palpable victory, the "recovery" of the islands might turn out to be

more than a little elusive; without it, the survival of Mrs Thatcher's government could well be in jeopardy. Unless one side or the other gets very cold feet in the next couple of weeks, therefore, we are facing the prospect of a bloody naval battle, in which many lives could be lost, but which would bear little or no relation to the genuine national interests of either antagonist.

Or would it? The effervescence of British jingoism is at least as deplorable as the misjudgment of Argentine intentions which led us to this pretty pass, and it risks saddling Britain with a wholly irrational policy towards the Falklands. But there are much colder considerations which may make it necessary to run the risk of disaster, and which have little enough to do with the Falklands as such.

The UK does not need the Falkland Islands. But it does have a responsibility for them in international law, and it is unacceptable that that responsibility should be overthrown by naked aggression. Some may be tempted to heave a sigh of relief at the abrupt disappearance of an inconvenient obligation which has been at the centre of a running dispute for an unconscionable time.

But the principle of the thing cannot be shrugged off quite so cynically.

Apart from a handful of dependencies in the Caribbean, Britain would then essentially be left with Hong Kong, which is militarily indefensible, but which for the time being appears to be as valuable under the existing regime to the Chinese as to the UK; with Gibraltar, whose future appears negotiable with a Spain which wishes to join both Nato and the European Community; with Brunei, which goes independent next year; and with a treaty relationship with independent Belize.

But the Falkland Islands crisis poses in the starkest terms the issue of a principle, devoid of material or strategic interests, whose outcome will be important, not only for Britain, but for a number of other countries. France, for example, has a number of overseas possessions, and the French will be watching very closely to draw the moral as the drama unfolds.

The very idea of a full-scale naval battle, in which Britain and Argentina are at once absurd and tragic, but it would be merely absurd to assert sovereignty over a

distant possession if you do not intend, in the last resort, to back up that assertion by force of arms.

I am not talking here about that chimerical quality beloved of politicians, "political will," of which they speak as if it could be acquired by regular exercise with moral chest-expanders, but of that even more chimerical political quality, which is known as "being the truth." The Vietnam war began because the Americans pretended that a half-baked ideological notion could be transmogrified into a vital national interest, and it turned into a disaster because the military dared not tell Washington the truth about the way the war was really going; it remains a disaster today because Henry Kissinger pretended that he had negotiated an honourable peace.

The current Falkland Islands crisis has its origins in the attempts by successive British governments to reassure parliament and people that they intended to stand by the islanders, while making it unmistakably clear to the Argentinians they wished to get rid of them and were not prepared adequately to defend them.

This is not just a question of the defence of an anachronistic colonial relic. Mrs Thatcher was loudest of all west European leaders in condemning, no doubt for altruistic reasons going back to Kipling and the Great Game, Russia's invasion of Afghanistan, and loudest in her support for American notions of a defence capability outside the Nato area, for example in or near the Gulf.

Because of the North Sea, Britain's direct dependence on Gulf oil is much less than that of other European countries, though its indirect dependence remains enormous if one looks at a time-scale rather longer than the current glut. If Britain is unwilling to defend in an unmistakable responsibility in the south Atlantic, the Russians and the Americans, as well as the French, will inevitably draw certain conclusions about its willingness to defend other, more collective interests.

The military professionals and the sober-minded officials cannot fail to be acutely aware of the enormous risks at stake in the armada steaming south, just as they are deeply sceptical about the utility or feasibility of the out-of-area deployment notions so fervently espoused by President Ronald Reagan and Mrs Margaret Thatcher. Unfortunately, Mrs Thatcher is riding a tiger which she is egging on and which she may not be satisfied with anything less than that which is either unattainable, or if attained will prove undesirable.

Some political coherence may conceivably emerge in the next couple of weeks. But in the meantime we have been treated to Mrs Thatcher's melodramatic attempts to strike a hushed Churchillian note, and bemused by television reporters who clearly do not know whether to treat the sailing of the fleet as a great enterprise or a Gibraltar farce.

It might be more helpful if the Government could coldly explain that the rationale for the Armada is to threaten, and if absolutely necessary to impose, an unacceptable penalty for an unacceptable action.

Prospects for a return to non-inflationary growth

By Otmar Emminger

THE WORLD economy is not in a good shape at present. And yet there are hopeful signs of an impending recovery. Two major causes of the economic slow-down since 1980 are loosening their grip: high oil prices as well as high inflation and its fall-out.

Can we hope for a return to sound non-inflationary growth? Or are we in for a short-lived hump in the growth-inflation roller coaster? This will very much depend on whether we have learnt our lesson from past mistakes. The oil price shock of 1979-1980 is about to be absorbed by the world economy. In retrospect Japan, the country initially hardest hit by the oil price explosion, has coped best with it: already by the end of 1980 it had adjusted its economy to the large transfer of real resources abroad imposed by the higher oil price. How? By a temporary slight decline in real wage levels at a time when its real GNP increased by 4 per cent, with the difference being used for improving the external account and domestic industrial investment. An excellent record in oil conservation helped, too.

Many other countries tried for a while to escape the simple, but painful, arithmetic of the compulsory oil price "tribute." They have had to pay a price for this evasion of income adjustment and have been compelled to accept a downward adjustment of their employment and production levels. The global surplus of the Opec countries is on its way out. But it has left a legacy of distortions in world trade: Japan, for instance, has achieved part of its external adjustment not in direct trade with Opec countries, but by increasing its surpluses with the U.S. and Europe.

An undervalued yen mainly caused by American interest rates, has exacerbated these imbalances. Thus, a large part of the trade frictions which at present occupy governments and international organisations may be traced back to oil and to inflation, the latter as the main cause for high American interest rates.

With the declining oil price, a major cost-push factor is disappearing. But there is pro-

gress in the field of inflation also in other directions. World commodity prices are generally stagnating or declining. American consumer prices are heading for an inflation rate of 6 per cent, less than one half of their previous peak rate. The Japanese inflation rate is around 4 per cent and the German rate is on its way towards the 4 to 5 per cent range. Have some countries reached the point where they can safely let demand expand again without risking an immediate revival of inflation?

With the declining oil price, a major cost-push factor is disappearing

This depends on whether the decline of inflation is merely a temporary result of the recessionary squeeze, or whether the inflationary climate has cooled off in a more durable way. If long-term interest rates really were mainly an indication of inflationary expectations, as many experts claim, the American scene would not look too reassuring.

For the present yield of over 13 per cent on 20-year U.S. Government bonds would still indicate the expectation of high inflation rates for a long time ahead. In my view there is no such clear-cut relationship. Other elements also enter into long-term interest rates. The government demand for capital is, of course, an important element in the equation.

A very decisive weather vane is the general climate for wages and salary determination. Wage and salary costs largely decide how far a given increase in total demand increases output and employment, or is dissipated in inflation.

Money management certainly has a decisive long-term influence on inflation but fiscal policy and the growth of wages decide costs of the process in terms of interest rates and of production and employment.

hidden hand, which steers fiscal and wage policies always in line with money volume. For good reasons the German Central Bank has, since 1974, when it began publishing its monetary targets, always added that the desired effect could only be attained if the other factors in the economic process—in particular fiscal policy and the "social partners" in their wage and price policy—fell into line.

This is not meant in the sense of a formal incomes policy or a "social contract" which, I know, makes some monetarists' flesh creep. It is not meant as a substitute, but as a complement to a good monetary policy. What now are the prospects?

The sceptics—or cynics—say that with an economic upturn business will, of course, do everything to recover profit margins, and labour unions will try to make up for previous restraint. On the other hand, we can perceive a "learning process" going on in a number of countries. I refer to the United States, Britain, West Germany, even France. The stagnation, or recession, has impressed upon everyone the lesson that too high wages (and fringe benefits) can price people out of their jobs, and that only profitable jobs are secure. This learning process must be deepened further so that the lessons are not quickly forgotten again. There should be a clear division of responsibility: monetary policy cannot be responsible for full employment irrespective of wage developments, and cannot be responsible for low interest rates irrespective of budget deficits.

Monetary policy will probably not be able to loosen the reins too much or too quickly in a coming recovery phase. Budget deficits are structurally excessive nearly everywhere. High capital formation is needed to create new capacity and jobs. Thus, the real (inflation-corrected) interest rate which during the 70s was negative in many countries, is bound to remain positive, and relatively high, but certainly not as high as it is at present in the United States.

Dr Emminger is former President of the Deutsche Bundesbank 1977-79.

Letters to the Editor

The Falklands: support, concern and solutions

From Mr A. Scott
Sir,—I suggest that the Security Council should take over the Falkland Islands on behalf of the UN. It could demilitarise the islands and the islanders could have their own local government. The UN would look after their external affairs. It would not cost the UN very much. Any privileges granted by the UN concerning the islands would not be by dominion.

A. H. Scott,
102, Beeches Road,
Chelmsford,
Essex.

From Mr D. Bloom
Sir,—No doubt we all hope that Argentina can be persuaded to withdraw before our fleet reaches latitude 50°S, but present indications are gloomy. Even gloomier is the probable loss of life on both sides entailed by the liberation of the main Falkland Island group. A blockade has been suggested. At an alternative, but the islands are only 400 miles from the South American mainland so that our ships would be vulnerable to attack from shore-based aircraft.

As an armchair strategist it appears to me that it would be easier and less hazardous to retake South Georgia first. The Argentine force there is small and might well surrender without a fight, there is no civilian population to worry about, and it is 1,400 miles from the mainland so that enemy aircover could only be provided by putting Argentina's sole aircraft carrier at risk.

The rebuff to the Argentine Junta would be considerable, bloodshed would be minimal, and it would show that we meant business. Perhaps serious negotiations for Argentine withdrawal from the Falklands themselves would then become a possibility.

Derek Bloom,
47 Old Church Street,
Chelsea.

Falklands to need no repetition but the claim on the dependencies seems to be based entirely on the fact that these are administered by the Falklands. They are in no other sense a part of the main island group. Nor is there even a threat of any historical precedent by rights of exploration or occupation to justify Argentina's claims. South Georgia and the South Sandwich Islands were discovered by Captain Cook in 1775 and claimed by him for the British Crown. Since Argentina did not even become a nation until 1816 they can have no claim whatsoever on these islands. The South Orkneys and South Shetlands were claimed by William Smith, a British sealer, in 1819. At that time Argentina was but three years old and still struggling with the problems of independence.

As for the British Antarctic territory I am not aware that any Argentinian ever set foot on the place until the 1950s by which time Britain had over 50 years of exploration and occupation to her credit.

From Melody Cooper
Sir,—What a pity the Falkland Islanders could not have declared independence years ago—the present show of arms in the South Atlantic might then never have occurred. Too late, however, and, as so frequently happens, it is the minority who suffer. My heart goes out to the islanders; equal concern should be felt for British-born residents and British passport holders in Argentina who are loyal to the Queen; and for those Britishers who have retired in this country and are dependent on their pensions being transferred from Argentina to the UK.

If the Argentines are capable of perpetrating their incursion on the Falkland Islands they will stop at nothing. I hope it might be possible to untreeze some of the Argentine assets and set up a fund to financially help out Britishers retired here who have no means other than their pensions in Argentina. When dealing with an Argentine Government (which changes frequently) in certain instances one must play at their game and, indeed, if possible be ahead of it. During my school years in Buenos Aires geography and history taught me about Las Islas Malvinas, which I accepted without question, during my school years in England these same islands

were referred to as The Falklands. To this day this contradiction is my dilemma. Melody M. Cooper,
22b The Street, Aldermaston,
Nr. Reading, Berks.

From Mr R. Cocks
Sir,—Our forces in the Falklands gave way to the superior force of the invaders. Logically, in view of our massive superiority now being deployed, the Argentinians must do the same.

There are many highly intelligent people in Argentina. President Galtieri is nobody's fool although in this case, he has taken a gamble which cannot pay off. R. Kelynaek Cocks,
"Benzon",
3 Downing Road,
Penzance, Cornwall.

From Mr J. Salter
Sir,—It seems that we have already forgotten how the Republic and the Prince of Wales came to be lost in 1941 and have learned no lesson from the Battle of Midway Island in 1942.

Righteous indignation is no substitute for air superiority. Unless we recover our equanimity within the next week or two we shall indeed be faced with the ultimate humiliation. John Salter,
80, Foreland Road,
Bembridge,
Isle of Wight.

Company share purchases

From Mr R. Instone
Sir,—In his Budget speech the Chancellor indicated that a company's purchase or redemption of its own shares under the Companies Act 1981 would only attract capital gains tax, and not the various other fiscal liabilities which might otherwise be imposed on the company or its shareholders. Clause 46 of the Finance Bill, however, restricts this treatment to cases where the redemption or purchase is made wholly or mainly for the purpose of benefiting a trade carried on by the company or its subsidiaries. With somebody in Somerset House kindly explain how the expenditure of money in this manner could ever benefit such a trade? Ralph Instone,
7, New Square,
Lincolns Inn, WC2.

The argument about lead in petrol

From Dr R. Jones
Sir,—Those who have been following the correspondence between the Campaign for Lead-free Air and Associated Oetel will realise that one of lead's more unfortunate side effects is to polarise scientific opinion. Dr Barry (March 31) chastises me for "studiously avoiding" negative studies... that is studies which have failed to establish a relationship between increased lead burden and reduced intelligence in children.

There are few such studies in the literature but none is particularly recent and none involved surveys of the general population. Subjects were selected usually on the basis of their proximity to a local source of pollution such as a lead smelter, or a battery factory, and compared with other children from the same area. The fact that these other children would also have been highly contaminated prevents any useful conclusions being drawn. What is certain is that no study has ever shown lead to have any beneficial effects in children, and surveys which involve unselected groups have invariably demonstrated a correlation between increased lead burden and intellectual deficit.

The second area where Dr Barry is in error is when the states that "There is no evidence from the U.S. that the use of lead-free petrol has improved the health of the nation by a reduction of lead absorption." The Centre for Diseases Control in America has just released a document demonstrating that a 55 per cent reduction in the amount of lead used at refineries over the period 1976-80 was paralleled by a 36 per cent reduction in the lead level of American children. This nationwide survey confirms the findings of the New York study (which was disputed by Dr Barry in his letter) and is of far greater relevance than the Frankfurt study, which was carried out on adults and not children. As a direct consequence of this new information, it has been reported that the U.S. Environmental Protection Agency has now decided to drop any plans it may have had to relax legislation controlling lead emissions from motor vehicles.

Dr Robin Russell Jones,
(Member of CLEAR Medical and Scientific Advisory Board),
2, Northdown Street, N1.

Advertisement for Nashua copiers. Features a large image of a tiger's head and a Nashua copier. Text includes: "If looks could kill...", "Nashua's stylish compact new copiers wouldn't be left with a single competitor.", "NASHUA", "Pat Curtis Nashua Copycat Limited Marketing Department Cory House Bracknell Berkshire RG12 1ET Tel. (0344) 26555", and a form for Name, Position, Company, Address, Telephone.

Companies and Markets

UK COMPANY NEWS

Brammer drops to £5.64m

DESPITE A severe contraction in the volume of available business, pre-tax profits of Brammer and Co fell only slightly from £5.85m in 1980 to £5.64m last year.

A final net dividend of 3.7p has been maintained making a total of 5.7p (5.5p). Stated earnings per 20p share were down at 12.4p against 13.9p.

The directors say that the reduction in business volume has been slightly offset by the modest growth in market share and a broadening of product base.

They add that profit margins have been reasonably well preserved and that inflationary pressures on costs have been contained and a strong balance sheet maintained.

The company distributes bearing and transmission equipment and manufactures Brammer V-link belting and rubber products.

Taxable profits included receivable interest of £800,000 (£844,000) and losses on non-trade investments of £28,000 (£11,000 profits).

Tax took £2.46m against £2.37m and there were extraordinary debits of £191,000 (£87,000).

Attributable profits fell from £3.43m to £2.99m while shareholders funds were £23.25m at the year end.

CGA pre-tax profits stood at £3.6m against £3.4m.

comment

Brammer has ploughed through the recession in admirable form, but demand remained weak in the second half of 1981. The group, which is historically free of dependence on any one industrial sector, has recorded an increase in its customer base despite a further volume decline overall.

YEARLINGS UP

The interest rate for this week's issue of local authority bonds is 14 per cent, up 1 of a percentage point from last week and compares with 12 1/2 per cent a year ago. The bonds are issued at par and are redeemable on April 13 1983.

A full list of issues will be published in tomorrow's edition.

Weaker sterling boosts Bowater to £21.7m rise

THE beneficial effect of a fall in the value of sterling, together with good performances in North America and Australia and the Far East, meant that Bowater Corporation was able to offset a downturn in the UK and the rest of Europe to achieve a £21.7m increase in 1981 pre-tax profits to £108.7m.

This represents a marked second half improvement, for at half-year a decline from £44.7m to £33m was reported.

At that time, Lord Erroll of Hale, chairman, said he expected better full year figures.

He now states that pulp and paper interests in North America will continue for the foreseeable future to contribute the major part of the group's profits and asset backing. However, he is confident that operations in other areas will improve profits over the next few years and plans are being directed towards achieving a better balance in overall results.

Dr Ingram Lenton, chief executive, said later yesterday that some improvement in the UK and the rest of Europe was expected. The group would benefit from the disposal of some of the big loss-makers, and there would be no repetition of 1981 redundancy costs, although there would "inevitably" be some redundancy payments in the current year.

For the year under review, earnings per 1 share rose from 18.8p to 22.7p and, with a final dividend of 7.25p net, the total dividend is being held at 11.5p. Trading profits for the 12

months expanded from £108.6m to £139.4m and the taxable result was struck after central costs of £5.3m (£4.7m) and interest—excluding commodity trading companies—of £26.9m (£13.9m). Tax took £56.1m (£42.6m), while minority profits totalled £15.7m (£12.6m) and there were extraordinary credits of £5.5m (debits of £26.1m).

These included the sale of commodity trading interests in cotton, other fibres and rubber trading in July. In the second half further commodity businesses were sold and other disposals have since taken place. A satisfactory profit over book values resulted from these sales and from the disposal of the group's mill at Ellesmere Port. This was partially offset by provisions against the book values of other businesses where further reorganisation is planned.

After such items the attributable balance came through at £46.4m compared with £3.7m and, with dividends taking a total £13.5m (£18.3m) there was a £27.9m transfer to shareholders funds against a £14.6m debit.

An analysis of sales £1,739m (£1,768m), and trading profits by division shows: paper and pulp £594m (£441m) and £106.4m (£80.8m); packaging and paper conversion £182m (£197m) and £7.9m (£12.2m); Lignin products £230m (£192m) and £22.5m (£19.3m); other manufacturing £130m (£106m) and nil (£2.4m); merchandising, freight and other services £27.5m (£194m) and £7.3m (£4.1m); discontinued businesses £300m (£540m) and loss £5m (£10.2m loss).

Geographically a breakdown discloses: UK £651m (£572m) and £19.3m (£24.5m); North America £452m (£326m) and £105.3m (£50.9m); Europe £176m (£162m) and £5.4m (£6.8m); Australia and the Far East £145m (£50m) and £14.4m (£6.5m); discontinued businesses as above.

Major items affecting trading profits were: a U.S.S.8m improvement in the operating results of North American pulp and paper related activities; an A\$9m increase from the Australian companies partly through consolidation of Escor from August 1; a fall in sterling affecting comparisons by some £20m; a 5m decline from remaining UK/European activities; and losses of £5m on discontinued businesses to their date of disposal.

In his statement with the results, Lord Erroll of Hale says that although the U.S. economy continues to slow down and Canadian mills will be negotiating labour contracts in 1982, he believes the group's position in the market will keep all mills running at full capacity, at least for the first half of the year.

Board strategy includes reinforcement of these successful operations when market opportunities and conditions are favourable. In 1981, a number of new businesses attained levels of profit which the board regards as their minimum targets. The chairman is confident, however, that these will go from strength to strength, as several employ new technology or are in service industries.

See Lex

£1.7m loss at Reed Executive

SECOND HALF taxable losses of Reed Executive rose from £254,000 to £894,000 bringing the deficit for the 53 weeks to January 2, 1982 to £1.65m compared with a surplus of £249,000. Turnover for the year slipped from £35.64m to £35.18m.

However, the figures are in line with the interim forecast of an improvement in the second six months over the first when the pre-tax losses were £954,000 (£230,000).

The company's activities include employment agents, selection consultants as well as self-service drug stores.

The final dividend is again being missed leaving a total for the year of 0.1p net (1.5p) per 10p share.

Looking to 1982 the directors say that the prospects are decidedly more promising than at this time last year and while a loss is projected for the first half this should be offset by a profit in the second.

The pre-tax losses were struck after interest of £261,000 (£26,000) and depreciation of £541,000 (£517,000). Tax took £53,000 (£71,000 credit).

A professional revaluation of the group's freehold and leasehold properties resulted in a surplus of £1.7m which was credited to a non-distributable reserve. This, the directors say, leaves the net asset value of the company at £4.6m.

comment

Reed Executive's second-half loss of £894,000 is its third successive half-year deficit—and the company is not out of the woods yet. Uninspiring trading in the first three months of the current year make another half-year loss certain and the outlook remains questionable whatever optimistic noises the company makes.

Reed's fortunes depend basically on job vacancies and there are few signs that industry is becoming expansive again. Once again there is no support from the Medicare drugist chain. Reed continues to see it as a long-term proposition but it continues to turn in losses—and has done so for at least the last six years.

The latest results features however, in the fact that the company's recent redundancies and move to more modest premises make it better able to weather the prolonged recession. At 27p, down 1p, market capitalisation is a mere £2.84m.

Senior Engineering 21% down at £4m for year

AS ANTICIPATED, second half pre-tax profits of Senior Engineering Group improved on those of the first six months but for 1981 as a whole the figures emerged 21 per cent down at £4.02m, compared with £5.00m in 1980. First half profits slipped from £3.03m to £1.38m, but in their interim report the directors said they expected a better second half compared with the first six months partially because of earlier action taken to rationalise certain areas of the group.

Full year turnover declined from £70.06m to £68.83m and trading profits came through £1.35m lower at £4.7m. The pre-tax surplus was struck after exceptional debits of £966,000 (£299,000) and rationalisation and redundancy costs and net interest charges down from £628,000 to £389,000. Tax took £1.51m (£1.87m)—there was a credit of £727,000 last time being write-back of stock relief.

Stated earnings per 10p share came through at 3.15p (4.33p excluding stock relief write-back) and a final dividend of 0.7p (same) holds the total at 1.5p net—a reduction on the 2.1p net of the previous year.

The directors report that the company, a trader in engineering products, has healthier orders. Early 1982 shows similar profits to recent months, but margins remain under severe pressure and business is far from buoyant. They add that 1982 is expected to show some improvement. Resources are stronger and new activities are being sought.

During the past year the group's thermal and steel tube divisions suffered to a greater extent than other areas of the UK business.

On a CCA basis pre-tax profits were £2.43m (£3.42m) and earnings per share 1.16p (2.03p excluding stock relief write-back).

LASMO keeps up pace

THE TRADING results of London and the South Marine Oil Company (LASMO) for the first two months of 1982, have continued at the high level of profitability shown in the previous year, says Mr G. W. Searle, chairman, in his annual statement.

And in the operational review Mr Hector Watts, chief executive, says that LASMO's challenge for the 1980s is to find new fields and production opportunities to continue to improve the company's production average in the UK and to undertake increasingly the role of operator both in the UK and overseas, he adds.

The build up of the company's capability enables it to exploit its significant portfolio of exploration and production acreage in the UK and to undertake increasingly the role of operator both in the UK and overseas, he adds.

Mr Searle says recent acquisitions have substantially added to the group's exploration and production acreage in the U.S. and it aims to expand its interest still further.

The directors intend to achieve a wider international spread of exploration activity and it has this year been granted an exploration permit for offshore Western Australia. They are also seeking opportunities for obtaining new sources of production within a short time scale he says.

Withdrawal of supplementary petroleum duty in this year's Budget, although coupled with an increase in petroleum revenue tax, is welcome and should be beneficial to the group's tax on the company's profits must be more acceptable than levies based on its sales Mr Searle says.

As reported on March 24 the group's taxable profits surged ahead from £47.3m to £13.2m in 1981, and the dividend of 10p net per 25p share (nil) is being paid. A strong financial position was achieved during the year with group cash flow from operations, after tax, totalling £125m compared with £64m. At the year end net current assets amounted to £52m, compared with liabilities of £26m.

Shareholders' funds increased from £31.6m to £66m and fixed assets were valued at £206.7m (£183m) including £147.7m (£137m) production assets of the Ninian Field.

ELYS CREDIT

The extraordinary credit of £40,000 referred to yesterday in the report of Elys (Wimbledon) was included in the 1981 profit of £317,000. There was no extraordinary credit for the year ended January 30 1982.

DIVIDENDS ANNOUNCED

Table with columns: Company, Current payment, Date, Corro. payment, Total of year, Total last year. Includes Ash and Lacy, Baird (Wm.), Beekman, Bowater, Brammer and Co., Christie's, Himmerson Property, Higgs and Hill, Insurance Cpn. Ireland, Reed Executive, Scotlsh Metropn., Senior Engineering, Watts, Blake.

Christies' downturn halts 7-year cycle of progress

ALTHOUGH auction sale totals showed a modest increase at £175m compared with £175m, Christies International's pre-tax profits fell from £7.04m to £5.23m in 1981. Mr J. A. Floyd, the chairman, says the prolonged recession throughout the Western world had an increasing effect on the international art market during the year.

In his interim statement, he warned shareholders that the results of the second half would not match those of the first when pre-tax profits were £9.22m (£8.2m restated). Regrettably, he says now, this forecast has been borne out, and after seven years of increasing profits it is "disappointing" to report a decline in profits from last year's record figure.

He remains convinced that the long-term prospects for the international art market are good, but much depends in the short-term on a marked recovery in the world economy. The group has a turnover of £23.2m and the present level of activity has been encouraging. The balance sheet shows fixed assets of £15.59m (£11.81m) and net assets of £17.44m (£14.53m).

Nevertheless, he says it is unlikely that the trading results in the first six months of the current year will equal the level attained in the comparable period last year.

Turnover of this auctioneer rose from £30.97m to £33.95m for the year, but trading profits dipped from £6.61m to £3.55m. Net interest receivable was higher at £965,000 against £822,000, and exchange profit on commission was £759,000 (£385,000 loss).

comment

Christies, as forewarned, found the going very tough in the second half. Profits before interest and exchange gains fell to exactly £1m, compared with £2.6m in the six months to June. Year on year, margins at this

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interim or final and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interim—Photo-Me International, Scotch Cities Investment, Finlay—Associated Book Publishers, Aurora, Bamford Concrete Machinery, Expanded Metal, Fothergill and Harvey, Gil and Duffus, Huntwell, Lead Industries, Lac Refrigeration, Phoenix Assurance, Portals, Austin Reed, Rubenoff, Stewart, Wrightman, Sun Alliance and London Insurance, Triple-vest, Ward White.

FUTURE DATES

Table with columns: Company, Date. Includes Darnley Brewery, Free State Oilseed Mills, MTD (Manqua), Priddy's Grand Gold Mining, Priddy's Grand Gold Mining, Trident Computer Services, Western Holdings, Clyde Petroleum, Duffry Braunschweig, East Rand Gold and Uranium, Harrison (T. C.), Hambro Life Assurance, London Stock, Manchester Property, Richards (Leicester), Rowan and Stoden, Royal Warrant, Tate of Leeds, Wilson (Connolly).

turnover, and valuation and other fees amounted to £373,000 (£43,000). Catalogues brought in £1.38m (£1.15m), the sale of graphics £1.78m (£1.39m) and the sale of prints £2.77m (£2.54m).

Tax took £2.38m (£3.54m) and after minorities of £98,000 (£91,000) and extraordinary debits of £24,000 (£114,000) attributable profits were £2.77m against £3m. Dividends again absorb £1.43m, leaving retained profits down from £1.57m to £1.34m. Stated earnings per 10p share were lower at 13.85p (£13.22p).

The net total dividend is unchanged at 7p with a same-again final of 5p.

comment

Christies, as forewarned, found the going very tough in the second half. Profits before interest and exchange gains fell to exactly £1m, compared with £2.6m in the six months to June. Year on year, margins at this

trading level have halved, to about 104 per cent of turnover. The auctioneer's main problem has been that the volume of sales in the second half was inadequate in relation to fixed costs. The London market was very soft, especially in the April quarter, and the large sales of 1980—including the Codes Leicester and a Samson and Deillac by Rubens—were not paralleled in the circumstances, Christie's decision to cut the premium charged to buyers is not hard to understand. And although the expectation is for a first-half inferior to that of 1981, the cut in premium is starting to be felt in higher volume. Moreover, less optimistic reserve prices are resulting in an improved ratio of sales to lots bought in, the additional sales having a direct impact on the bottom line. The shares lost 8p, to 132p, where they yield 7.9 per cent, a rating which now makes few demands.

Sharp decline at Wm. Baird

TAXABLE PROFITS at William Baird declined sharply from £8.1m to £6.9m for 1981 with most of the shortfall occurring at the Baird Textile Holdings offshoot where operating profits emerged well down at £4.05m, compared with £8.14m.

The directors explain that turnover of this division improved to £103.87m (£97.72m) but in order to enable clothing production units in the UK to continue to operate at economic levels erosion of margins had to be accepted. Group turnover remained virtually unchanged at £150.65m against £151.89m.

The pre-tax figure was struck after expenses of £401,000 (£390,000) and interest charges of £1.5m (£2.09m). Tax took £1.41m (£2.1m) and after minorities of £30,000 (£8,000) the available balance was £4.26m (£6m) before extraordinary items.

Including extraordinary credits of £101,000 (£4,000) retained profits were £2.05m (£7.29m). Stated earnings per £1 share fell to 25.5p (36.3p) but a same-again final dividend of 7.35p maintains the net of 12.95p on the enlarged capital.

The directors say the difficult trading conditions have continued

into 1982. Baird Textiles has a strong base and the Darnheim division is strong in its fields of insulation and engineering.

Overall, the outlook for the current year is expected to be no worse than for 1981. In addition, recently acquired Dannimac will be making a material contribution, further strengthening the group's position in the clothing industry.

The group's strong balance sheet and net cash position will enable advantage to be taken of any suitable opportunities for additional profitable investment which may arise.

No profits from Dannimac were included in the results for 1981. The purchase was effective from December 23 and the company's accounts for the period from May 10 to transfer date, seasonally the more profitable part of the year, showed a profit of £2.3m. This pre-acquisition profit, less 45 per cent retention for tax, accrued to the group's benefit, reducing the goodwill on acquisition to £2.7m.

On a CCA basis pre-tax profit was £2.77m (£5.43m) and earnings per share 8.1p (20.1p). At mid-year historical pre-tax profits were £1.89m (£3.49m).

comment

Coming after a poor first half, the sector.

William Baird's 30 per cent profits fall is not too surprising given the continuing low ebb of the textiles market. If anything, the result is slightly better than the market expected but this does not detract from the fact that the company has not performed as well in adverse trading conditions as Nottingham Manufacturing, another Marks and Spencer supplier. The explanation is simple—Baird's made-up clothing does not have the competitive edge of Nottingham's high-quality knitwear products—and this probably explains the rather cautious statement of prospects. Conditions have been easy for Baird's other main revenue earner, Darnheim, so new nuclear contracts will be a welcome fillip for its engineering company this year. At worst, Baird can probably maintain its profits performance in both the textiles and engineering activities. As Dannimac, a new acquisition, usually pitches in around £3m a year, profits of at least £9m should be possible with the backing of a strong balance sheet the shares, at 210p, down 6p, give a fully-taxed prospective p/e of 8.3 while the current yield is over 9 per cent—a not unattractive rating for the sector.

Hugh Mackay advertisement featuring a large image of a carpet and text: 'Hugh Mackay plc Manufacturers of Durham Carpets Results for the year ended 31st December 1981' with financial data and a photograph of the Portico Room, Apsley House.

LASMO keeps up pace advertisement with text: 'LASMO keeps up pace' and 'ELYS CREDIT'.

Pittards advertisement with text: 'Pittards New product range brings encouraging results' and a table of financial data for 1981 and 1980.

Drinkmaster advertisement with text: 'I could sweeten your coffee' and an image of a woman.

Companies and Markets

UK COMPANY NEWS

Derritron better in second half

AFTER REDUCED taxable losses in the second-half of 1981 compared with £319,000, Derritron ended 1981 with a deficit of £584,000, against £565,000 last time.

Higgs and Hill soars by 73%: dividend boosted

AN INCREASE of 73 per cent from £2.1m to £3.64m in pre-tax profits is reported by Higgs and Hill for 1981, and the total dividend is increased by 35 per cent from 4.5p to 6.2p with a final 4p and a special 2.2p.

of new work was more than satisfactory in the present market, giving rise to a healthy workload for 1982.

Optimism at Watts Blake

THE FINAL dividend at Watts, Blake, Bearn Company is being lifted from 2.02p to 2.22p for 1981, although pre-tax profits fell slightly from £2.85m to £2.68m.

L. Gould up 144% year-end

BOOSTED BY a substantial increase in overseas business taxable profits of Laurence Gould and Company soared by 144 per cent to £265,050 for 1981 compared with £108,455 for the previous 12 months.

Ash & Lacy raises final to 8p

IN THE second six months of 1981, pre-tax profits of Ash and Lacy rose from £1.24m to £1.44m bringing the year's total to £2.35m—almost on a par with the 1980 record level of £2.04m.

External sales were £25.24m compared with £27.86m while trading profit fell marginally from £2.27m to £2.04m.

A. Beckman profits fall midterm

A FALL from £595,000 to £619,000 in pre-tax profits is reported by A. Beckman for the six months to December 31, 1981.

He says that the good start to the year is sufficient indication to hope that the improved performance continues.

Woolworth asset redeployment

SOME 26 properties, where a satisfactory return cannot be foreseen, are available for disposal by F. W. Woolworth.

1,039 retail outlets with 10.2m sales square feet, whereas by January 1982 it had 1,144 retail outlets with 12.6m sales square feet.

Record bonus rates from L & G

RECORD BONUS rates on all with-profit contracts have been declared by Legal and General Assurance Society, a member of the Legal and General Group.

term funds of £134m, of which £114.5m has been allocated to policyholders and £19.7m to shareholders.

Table with 2 columns: Country, Price. Includes Spain, April 5, Banco Bilbao, Banco Central, Banco Galicia, Banco Hispano, Banco Ind. Cat., Banco Santander, Banco Urquijo, Banco Vizcaya, Banco Zaragoza, Dragados, Espanola Zinc, Fecsa, Gal. Fincobras, Hidrola, Iberduero, Petrolbar, Sogeflas, Telefonos, Union Elect.

U.S. \$350,000,000 New Zealand Floating Rate Capital Notes Due 1987. For the six months 7th April, 1982 to 7th October, 1982.

M. J. H. Nightingale & Co. Limited. Table with 5 columns: 1981-82, 1980-81, Company, Price Change (p), % Annual Paid.

Good Relations advances

PUBLIC RELATIONS consultancy Good Relations Group pushed up tax-free profits from £107,000 to £238,000 in 1981.

net per 10p share for 1982—with an interim dividend of 4p being declared at the time.

Highlights of the year 1981. For our Group, 1981 was a highly successful period. Earnings rose by 22.7%, our capital reached US\$ 920 million and new offices were opened in Singapore, London, Athens, Buenos Aires, Monte Carlo and Los Angeles.

MINING NEWS

Newmont's big assets spread

BY KENNETH MARSTON, MINING EDITOR
The latest annual report of America's Newmont Mining underlines the basic strength of this highly diversified natural resource group in which London's Consolidated Gold Fields has a stake of just on 22 per cent.

It won't be so easy warns Sir Roderick

WHILE "the short-term prospects are not good and the group's 1982 results will certainly be inadequate," Sir Roderick Carnegie takes an optimistic view of longer term prospects for CRA, the Rio Tinto-Zinc group's 57.2 per cent-owned Australian arm.

Another strike Blair Athol goes ahead

LENDING point to the CRA chairman's remarks, reported above, comes news of yet another stoppage at the Australian group's Hamersley Holdings iron-ore operations in the Pilbara.

BASE LENDING RATES

Table listing various banks and their lending rates, including A.B.N. Bank, Allied Irish Bank, American Express Bank, etc.

BIDS AND DEALS

Companies and Markets

Workers take control of CMG for £1.1m

BY CARLA RAPOPORT
Computer Management Group (CMG), which says it has dispensed with the "them and us" attitudes of business, yesterday announced that its employees had acquired control of the company.

BCI goes ahead with acquisitions

THE INDUSTRIAL chemicals manufacturer Brent Chemicals International is to hold an extraordinary meeting on April 29 to approve the company's proposed acquisition of Reddish Chemicals and Reddish Detergents for £3m.

Ladbroke buys Demmy Leisure for £4.05m

Ladbroke Racing has bought Demmy Leisure Group for £4.05m which gives Ladbroke another 73 licensed betting offices in Greater Manchester, Lancashire and Cheshire.

Investment trusts' merger will give assets of £236m

THE MERGER of Great Northern Investment Trust and RIT will create a company with 15,000 shareholders, total assets of some £236m and net assets of some £180m.

The Scottish Metropolitan Property PLC Interim Statement. Table showing Net Revenue from Properties, Other Income, Interest paid and Admin. Expenses for Half years to 15.2.82 and 15.2.81.

Guest Keen to sell loss-maker

Guest Keen and Nettelfolds has agreed to sell its Windsor plastics machinery division to the West German steel and engineering group Kloecker Werke.

ACC board recommends Holmes a Court bid

THE BOARD of Associated Communications Corporation, the entertainments group, has advised shareholders "most strongly" to accept a two-tier bid for the group's outstanding capital by TVW Enterprises.

Banker moves into soft commodities dealing

Johnson Matthey Bankers, (JMB) the London merchant bank of the Johnson Matthey group, is expanding into the soft commodity markets with the acquisition of Wallace Brothers Commodities from Brooke Bond for £2.7m.

Stewart Enterprise

Stewart Enterprise Investment and Scottish American Investment have announced that, following approval by the shareholders of Stewart Enterprise on March 31 1982, the purchase investments being acquired by Stewart Enterprise and listed in the chairman's letter to shareholders dated March 5 1982, have been valued at £1.2m.

Federated postpones merger meeting

DESPITE strong opposition, the board of Federated Land carried a resolution at yesterday's extraordinary meeting to adjourn a vote on the previously proposed merger with Estates and General Investments.

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LONDON TRADED OPTIONS. Table with columns for Option, Ex/Close, Closing offer, Vol., etc. Includes options for SP, CU, Gona, etc.

EUROPEAN OPTIONS EXCHANGE. Table with columns for Series, Vol., Last, Aug. Last, Vol., Nov. Last, Stock. Includes options for GOLD, RIT, etc.

NatWest Registrars Department. National Westminster Bank PLC has been appointed Registrar of News International plc. Includes contact information for Bristol BS99 7NH.

THE NEW THORNTON TRUST P.L.C. Capital Loan Stock Valuation - 4 April 1982. THE TRING HALL USM INDEX. LADBROKE INDEX.

UK COMPANY NEWS

The rebuilding of Guinness Mahon

By William Hall, Banking Correspondent

IT IS nearly ten years since Guinness Mahon, an old-established accepting house of Irish descent, merged with Lord Harry Kissin's fast growing Lewis and Peat commodity trading group.

The deal was hailed at the time as the first of a new breed of City financial institutions which, while breaking across some of the City's traditional demarcation lines, also revived the traditional merchant banking philosophy of combining merchanting and finance in one group.

Unfortunately, the formula has never really worked.

The fine words used to justify the merger have long since been forgotten. The Guinness Peat group, the overall parent, has run into financial problems and is now undergoing major surgery to stem its losses and reduce its borrowings.

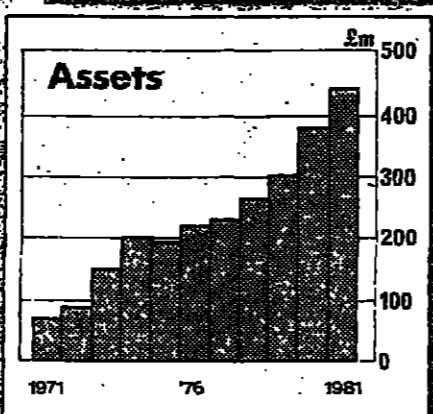
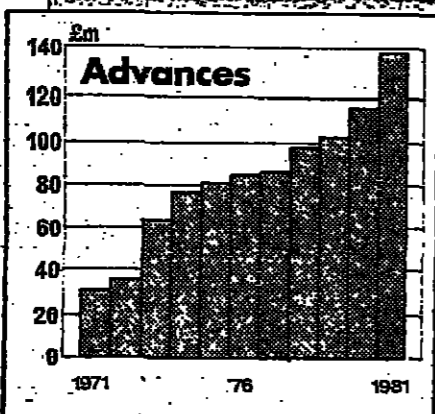
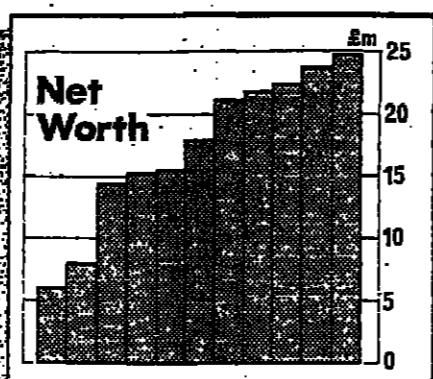
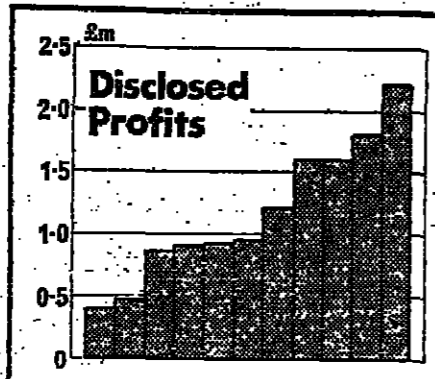
The bank has had problems of its own in areas such as property and gas shipping, which have tied up a large part of its capital while an above average turnover of the top management team over the last decade has sapped executive morale.

Charles Villiers, the chairman of the bank at the time of the merger, left in the summer of 1976 to run British Steel and was succeeded by Donald Robson. Sir Derek Mitchell, an ex-Treasury official, brought in as heir apparent in October 1977 left after a year, and Graham Hill was appointed chairman at the start of 1979.

Jean Pierre Frayse, a French banker, was hired as chief executive in 1976 but quit in the summer of 1979, leaving another vacuum at the top of the bank.

A year later, David Ewart, an old Guinness Mahon hand from the days before the merger, was appointed deputy chairman, but this did not work out and last September Guinness Mahon went outside the group for a chief executive in the guise of Richard Fenhalls, a 38-year-old South African, who ran American Express merchant bank in London.

At roughly the same time that Mr Fenhalls was hired, rumours started to circulate in the City that Guinness Mahon was up for sale. A price tag of around £35m was talked about and Britannia Arrow (formerly known as Slater Walker) was one of the UK companies which showed definite interest, while Aetna Life and Casualty, the giant U.S. insurance group, was also



TEN YEARS IN THE LIFE OF GUINNESS MAHON



Richard Fenhalls

mentioned as a possible suitor. Mr Fenhalls says that the existence of these possible suitors "concentrated the mind beautifully" as he reviewed Guinness Mahon's future, on his arrival.

Guinness Peat, the bank's parent, was also in the midst of reviewing its own options and as the need to raise cash was one of its main priorities, Guinness Mahon looked to be among the easiest of the group's assets to realise. At the same time the appearance, in January, of a new chief executive at Guinness Peat, in the form of Alastair Morton—South African born like Mr Fenhalls—added to the uncertainties at Guinness Mahon.

In the event Guinness Peat decided to sell off other parts of the group such as the stake in Unitel, the U.S. computerised financial information system, and retain Guinness Mahon as one of the group's core activities along with insurance broking and commodity trading.

With the threat of the bank being sold from under him removed, Mr Fenhalls has started rebuilding Guinness Mahon and for the first time since the original merger in 1972 there are signs that at long

last one of the City's oldest accepting houses might begin to realise its potential.

Although Guinness Mahon's published profit record over the last decade has been one of steady, if uninspiring, growth, the real story has not been so rosy.

At the time of the merger, Guinness Mahon was a bank which concentrated on one-off transactions with the accent on capital gain. Its expertise tended to be in shipping and property and it never boasted the sort of conventional customer base of other merchant banks. Indeed, at the time of the merger one executive told Harry Kissin that he had bought a property company rather than a merchant bank.

Two deals, in particular, which were entered into at that time came to haunt the bank—one was a major property situation in London's East End and the other a stake in a consortium building a number of liquefied petroleum gas ships.

Both deals ran into major problems and Guinness Mahon soon found that the bulk of its capital was tied up in assets which were not providing anywhere near adequate returns.

Despite the steady increase in disclosed profits one Guinness Mahon executive remembers the period as a fight for survival.

With hindsight it is surprising that the bank did as well as it did although the cautious growth in advances in the mid-1970s indicates the burden under which it was labouring.

Without access to much capital, Guinness Mahon was forced to build its fee earning income from a virtually non-existent customer base at the time of the merger. It began carving out profitable niches for itself in specialised areas such as investment currency dealing (when UK exchange controls existed).

Flim financing was another area where Guinness Mahon has found a niche (it has arranged the bank financing for "Who Dares Wins") and financing the sales of second hand British ships with the help of Export Credit Guarantee Department finance (it claims to have 70 per cent of the market). Another area it has pioneered, has been the use of "drop lock" financing for UK local authorities.

These sorts of activities have been reflected in fee income coming to be twice as important

as net interest revenues in Guinness Mahon's banking operations.

Despite these successes Richard Fenhalls' appointment reflects the acceptance of the need for change within Guinness Mahon's management. He is understood to be the first major appointment made without the interference of the parent. The question is will he pass through the organisation as quickly as some of his predecessors?

One senses that this time things might be on the mend at Guinness Mahon. For a start the two problem situations have been almost resolved. Two of the three gas ships have been sold and the third is now trading. The property venture is being worked out via a joint venture with English Property Company, and according to Mr Fenhalls the prospects are "exciting". These two events, which had been virtually tidied up before Mr Fenhalls arrived, will free some £12m to £15m of extra capital which can now be deployed more profitably elsewhere.

This has solved one of Guinness Mahon's more immediate problems—the need for extra capital—and Mr Fen-

halls is now busily attacking the others.

One of the first things he noted on taking over was that Guinness Mahon's management had never worked as a cohesive team. "There was an exaggerated sense of profit centres," says Mr Fenhalls, who found that the overseas banking subsidiaries were operating as purely domestic merchant banks in their own areas. The man in Singapore had never been to Indonesia and saw his job as building a local merchant bank," says Mr Fenhalls, who adds that the group's overseas operations must be more outward looking.

On the other hand he found that the bank had the makings of an international network with banking operations in Switzerland, the Cayman Isles and Singapore. "If you were going to build an international merchant bank you would probably put offices in these places in any event," says Mr Fenhalls who sees one of his prime roles to internationalise the bank.

He believes that for merchant banks like Guinness Mahon to survive over the long term they must specialise and it does not matter particularly where the deals are booked or processed. Technology will solve the logistical problems.

He has already recruited Peter Kruse, head of Skandinaviska Enskilda's capital markets section, and expects to appoint the head of an expanded New York operation within the next week or two. The Singapore bank is being expanded and Australia and the Middle East are the next priorities.

Rather than build duplicate infrastructures in New York, the Middle East and elsewhere, Mr Fenhalls believes that the existing banking network is near sufficient and all that is necessary is to graft a few high powered professionals on to the organisation.

"There is no magic in what we plan to do," says Mr Fenhalls, who insists that Guinness Mahon's satellites and parent must work together to capture flows of business.

However, it is in the area of the bank's relations with Guinness Peat, the parent, that Mr Fenhalls faces one of his stiffest tests. The rationale of a merchanting operation combining with a bank underpinned the original merger 10 years ago but has never produced much business for Guinness Mahon, despite the early high hopes.

APPOINTMENTS

Sir David Orr to join Shell Transport

Sir David Orr will become a director of the SHELL TRANSPORT AND TRADING COMPANY from July 1. He will be retiring as chairman of Unilever on May 19.

Mr A. H. Ball, a director of LONRHU since 1961, has been appointed a deputy chairman.

Mr W. Guy Walker has taken over the chairmanship of BATCHELORS FOODS, Sheffield. He is no stranger to Batchelors—he was marketing director until four years ago, when he left to guide the marketing strategies of several European companies within Unilever's food and drinks co-ordination. He takes over from Mr Mike Bevan, who has left the company for a senior Unilever post in Rotterdam.

Mr Donald Creates has been appointed City sales director of WESTERHAM PRESS. For the past 10 years he was with Waterlow (London) where he was sales director.

The chairman of BRITANNIC ASSURANCE, Mr R. J. G. Williams, will relinquish his executive duties in July but will continue as chairman in a non-executive capacity.

Mr J. Denis Johnson has been appointed as chairman of the ELECTRICAL ENGINEERING ECONOMIC DEVELOPMENT COMMITTEE of the National Economic Development Council. He is a director of Tube Investments, and chairman of TI International.

Mr G. L. Powell, a director of HASLEMERE ESTATES, has been appointed deputy managing director.

CARRINGTON VIVELLA has appointed Mr R. Haslam, a deputy chairman of Imperial Chemical Industries, as a non-executive director.

Mr Selim K. Zikha has resigned from the board of THE AILSA INVESTMENT TRUST. He is retaining only one non-executive directorship in the UK, that of the Habitat 67 Group, and is returning to the U.S. where he has his major business interests.

Mr E. W. Duffin, Mr S. E. D. Morton, Mr V. A. Prust and Mr S. J. Todd have been appointed managing directors of ALEXANDER HOWDEN INSURANCE BROKERS. Miss E. A. Law, Mr A. F. Norman and Mr R. D. Wilkinson have been appointed directors.

Dr Eric Gabus, formerly general manager, finance of the Nestle Group, has been appointed deputy chairman of CREDIT

SUISSE FIRST BOSTON, London Dr Gabus, who is president of the Conference Board of Europe for Financial Executives, will move to London next month.

Mr Anthony Jensen has been appointed managing director of power and hand tool distributors, PTS TOOL SPECIALISTS, a subsidiary of the Charterhouse Group.

Mr Charles W. Orange has been appointed finance director of AAH HOLDINGS from June 1. For the past five years he has been group financial controller of the IBM Group.

Mr John L. Sampson has relinquished his post as director (sales and purchases) to become deputy managing director of BRITISH RAIL PROPERTY BOARD, Mr R. C. J. Bray, formerly estate surveyor and manager of the Property Board's southern region, becomes director (sales and purchases).

LAW DATA SYSTEMS, Leeds has appointed Mr W. A. Rising as managing director.

HALIFAX BUILDING SOCIETY has made the following appointments from May 1: Mr D. Gilchrist, at present economist and a secretary of the society, is to become an assistant general manager. Mr R. W. Graylock, currently the society's London City manager, has been appointed a secretary of the society. Mr M. G. Whitehouse, currently controller, computer systems and services, is also to be appointed a secretary of the society.

The CROWN LIFE GROUP has appointed Mr Michael Christophers to the newly-created post of director of finance. He joins the company from Commercial Union Assurance, where he was life actuary.

Mr Enrique Sammarti de Silva has taken over from Mr Leonardo Caballero (who has returned to Barcelona) as deputy managing director of BANCO URQUIJO HISPANO AMERICANO, London. Mr Sammarti was previously responsible for the European and African areas at Banco Hispano Americano, Madrid.

CARLESS, CAPEL AND LEONARD has appointed Mr G. E. Lilly managing director of Carless Exploration, and Dr A. J. Gilham, managing director of Carless Chemicals, as directors of the company.

Mr John G. Stimpson, a vice-president, has been appointed manager of the London office of SALOMON BROTHERS INTERNATIONAL, New York investment bankers.

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Table with 2 columns: City and Fare. BOSTON £416, MINNEAPOLIS/ST PAUL £448, LOS ANGELES £665. All fares quoted in this advertisement are Low Season one-way fares, valid to June 14.

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CURRENCIES, MONEY and GOLD

£ at 4 1/2-year low

Sterling continued to suffer from the implications of the Falkland Islands crisis. The prospect of a naval confrontation with Argentina pushed the pound down to its lowest level since mid-November last year against major currencies in general, on the Bank of England's trade-weighted calculation, and to a 4 1/2-year low against the dollar. The authorities appeared to intervene on an increasing scale as the day advanced, particularly after the opening of the New York market.

The dollar gained ground against most currencies, despite the lack of movement in Euro-dollar interest rates. The U.S. unit was probably boosted against European currencies by the switch out of sterling. The D-mark improved at the top of the European Monetary System, but there was little change overall.

STERLING — Trade-weighted index (Bank of England) 89.4 against 89.7 at noon, 90.0 at the opening, 90.3 at the previous close, and 89.2 six months ago. Three-month interbank 13.13 per cent (18 1/2 per cent six months ago). Annual inflation 11 per cent (12 per cent previous month) — The pound fell to its lowest closing level against the dollar since the end of September 1977, finishing at \$1.7490-1.7500, a fall of 15 cents on the day. It opened at \$1.7625-1.7635, the day's peak. Sterling fell to DM 4.2250 from DM 4.2100 against the D-mark, and to FFR 1.0750 from FFR 1.0700 against the French franc, to SwFr 3.4450 from SwFr 3.4350 in terms of the Swiss franc, and to ¥434 from ¥430 against the Japanese yen.

DOLLAR — Trade-weighted index 116.3 against 116.2 on Monday, and 108.3 six months ago. Three-month Treasury bills 13.02 per cent (14.02 per cent six months ago). Annual

inflation 7.7 per cent (8.4 per cent previous month) — The dollar rose to DM 2.4145 from DM 2.4130, to FFR 1.9680 from FFR 1.9650, to SwFr 3.4375 from SwFr 3.4350, and to ¥437.50 from ¥437.00.

D-MARK — EMS member (strongest). Trade-weighted index 123.2 against 123.3 on Monday, and 123.0 six months ago. Three-month interbank 9.35 per cent (12.30 per cent six months ago). Annual inflation 5.1 per cent (5.8 per cent previous month) — The D-mark showed little change against the dollar. The U.S. currency was fixed at DM 2.4143 in Frankfurt, compared with DM 2.4095. It touched a peak of DM 2.4195 in the morning, but retreated to DM 2.4135 in the late afternoon, against DM 3.4130 at the close on Monday. The Bundesbank did not intervene at the fixing, and interest rates were not a major factor in yesterday's trading, with Eurodollar rates generally steady. Sterling moved nervously, trading around DM 4.2175 in the late afternoon, compared with DM 4.27 at the previous close.

EUROSTERLING interest rates rose by about 1 point to over 14 per cent as pressure built up on the pound in spot trading. Eurodollar rates were little changed, however, and the narrowing of interest rate differentials also led to a weakening of sterling in forward trading. The D-mark and Swiss franc also eased very slightly against the dollar in the forward market, with Euro-Dmarks little changed and Euro Swiss rates rather mixed. The focus of attention on the pound probably helped ease some pressure off the weaker Continental currencies. The forward discount against the Belgian franc narrowed sharply, and the French franc and Italian lira showed improvements as Eurofranc and Euroira rates eased.

Table: THE POUND SPOT AND FORWARD. Columns: April 6, Day's spread, Close, One month, % Three months, % Six months. Rows: U.S., Canada, Netherlands, Belgium, Luxembourg, Ireland, W. Ger., Portugal, Spain, Italy, Norway, France, Sweden, Japan, Austria, Switzerland.

Table: THE DOLLAR SPOT AND FORWARD. Columns: April 6, Day's spread, Close, One month, % Three months, % Six months. Rows: U.S., U.K., Ireland, Canada, West Germany, Belgium, Denmark, Portugal, Spain, Italy, Norway, France, Sweden, Japan, Austria, Switzerland.

Table: CURRENCY MOVEMENTS. Columns: April 6, Bank of England, Morgan Guaranty, U.S. dollar, Canadian dollar, etc.

Table: CURRENCY RATES. Columns: April 6, Bank of England, Morgan Guaranty, U.S. dollar, Canadian dollar, etc.

Table: OTHER CURRENCIES. Columns: April 6, Argentina, Australia, Brazil, etc.

Table: EMS EUROPEAN CURRENCY UNIT RATES. Columns: April 6, Pound Sterling, U.S. Dollar, Deutsche Mark, etc.

Table: EXCHANGE CROSS RATES. Columns: April 6, Pound Sterling, U.S. Dollar, Deutsche Mark, etc.

Table: FT LONDON INTERBANK FIXING (11.00 a.m. APRIL 6). Columns: 3 months U.S. Dollars, 6 months U.S. Dollars.

Table: EURO-CURRENCY INTEREST RATES (Market closing Rates). Columns: April 6, Sterling, U.S. Dollar, Canadian Dollar, etc.

MONEY MARKETS

UK rates firm

London clearing bank base lending rate 13 per cent (since March 12). UK interest rates were generally firm yesterday, responding to sterling's sharp fall over the situation in the Falkland Islands. Rates finished below the highest level of the day helped to some extent by encouraging banking figures and a further fall in the Wholesale Prices Index. Short-term rates were easier in reaction to further intervention by the Bank of England. The authorities gave a forecast of a flat day, with bills maturing in official hands and a net take up of Treasury bills accounting for £2m partly offset by Exchequer transactions adding £7m to the system. There was no intervention by the Bank during the morning but later in the day the forecast was revised to a shortage of £50m. The Bank gave assistance of £20m, comprising purchases of £2m of eligible bank bills in band 2 (15-30 days) at 13 per cent and in band 3 (34-63 days) £1m of Treasury bills at 12 1/2 per cent and £9m of eligible bank bills at 12 1/2 per cent (14 1/2 per cent 61 days) it bought £50m of Treasury bills at 12 1/2 per cent.

GOLD

Further rise

A low of \$341.3421. In Paris the 12 1/2 kilo gold bar was fixed at FFR 70,000 per kilo (\$346.86 per ounce) in the afternoon, compared with FFR 70,000 (\$347.10) in the morning, and FFR 69,700 (\$341.31) Monday afternoon. In Frankfurt the 12 1/2 kilo bar was fixed at DM 27,015 per kilo (\$348.01 per ounce), against DM 26,055 (\$338.51) previously, and closed at \$345.346, compared with \$337.333. In Luxembourg the 12 1/2 kilo bar was fixed at the equivalent of \$343 per ounce, against \$335.50. In Zurich gold finished at \$344.927, compared with \$338.247.

Table: GOLD. Columns: April 6, Close, Opening, Morning, Afternoon. Rows: Gold Bullion (fine ounce), Gold Coins.

MONEY RATES

Table: MONEY RATES. Columns: April 6, 1982, Sterling Certificate of deposit, Interbank, Local Authority deposits, etc.

LONDON MONEY RATES

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FT UNIT TRUST INFORMATION SERVICE

AUTHORISED TRUSTS. A large grid of financial data listing various unit trusts and their performance metrics. Includes columns for trust names, managers, and various financial indicators.

INTERNATIONAL COMPANIES and FINANCE

RCA offshoots launch two \$50m Eurodollar bonds

By Alan Friedman

TWO NEW fixed-interest Eurodollar bonds... RCA subsidiaries... \$50m Eurodollar bonds... launch two \$50m Eurodollar bonds...

State helps RSV settle Stevin dispute

By Charles Batchelor in Amsterdam

THE DUTCH Government, Rijnschelde-Versluis (RSV), the shipbuilding group, and Volker-Stevin (VS), the dredging company, yesterday agreed a split-up to a dispute between the two companies over an advanced deep-sea dredging platform...

David Lascelles looks at a U.S. bank's struggle to recover First Pennsylvania goes it alone

"We're motivated!" scream the television and newspaper advertisements around Philadelphia as a popular local baseball hero exhorts a cheering crowd... David Lascelles looks at a U.S. bank's struggle to recover First Pennsylvania goes it alone...

Fidelity Financial future queried

By Our Financial Staff

AUDITORS of Fidelity Financial, the thirteenth largest savings and loan (S and L) company in the U.S., have refused to certify Fidelity's 1981 results... Fidelity Financial future queried...

ABN opens year on brighter note

By Charles Batchelor

A SLIGHT improvement in pre-tax profits is reported by Algemeene Bank Nederland (ABN) for the first two months of 1982... ABN opens year on brighter note...

Metromedia plans \$450m advertising deal

By Our Financial Staff

A MAJOR DISPOSAL is planned by Metromedia, the major U.S. independent television and radio group which owns the Harlem Globetrotters and has extensive interests in advertising... Metromedia plans \$450m advertising deal...

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists... FT INTERNATIONAL BOND SERVICE...

Table with columns: U.S. DOLLAR STRAIGHTS, DEUTSCHE MARK STRAIGHTS, SWISS FRANC STRAIGHTS, YEN STRAIGHTS. Lists various bond issues with details like Issued, Bid, Offer, Day, Week, Yield.

Smaller loss forecast by A & P

By Our New York Staff

THE GREAT Atlantic & Pacific Tea Company (A & P), the large supermarket chain which has been sharply cutting its operations to get out of the red, expects a loss for its latest fiscal year ending February 27 of \$31.6m on sales of \$8.1bn... Smaller loss forecast by A & P...

U.S. \$100,000,000 Kingdom of Spain 15% Notes Due 1987. Credit Suisse First Boston Limited. Bank of America International Limited. Banque Nationale de Paris. Deutsche Bank. Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.). Merrill Lynch International & Co. Morgan Stanley International. Nomura International Limited. Union Bank of Switzerland (Securities) Limited. Banco Urquijo Hispano Americano. Alhali Bank of Kuwait K.S.C. Algemeene Bank Nederland N.V. American Express Bank. Arab Banking Corporation (ABC). Julius Baer International. Banca Commerciale Italiana. Banco de Bilbao, S.A. Banco Central, S.A. Banco Espanol de Credito, S.A. Banco Exterior de España, S.A. Banco Hispano Americano S.A. Banco Pastor S.A. Banco Urquijo, S.A. Banco de Vizcaya S.A. Banco de Roma. Banco di Santo Spirito. Bank für Gemeinwirtschaft. Bank Gutzwiller, Kurz, Bueglinger (Overseas) Limited. Bank Leu International Ltd. Bank Mees & Hope NV. Bank of Tokyo International Limited. Banque Européenne de Tokyo. Banque Française du Commerce Extérieur. Banque Générale de Luxembourg S.A. Banque de l'Indochine et de Suez. Banque Internationale à Luxembourg S.A. Banque de Neufville, Schimberg, Mallet. Banque de Paris et des Pays-Bas. Banque Privée de Gestion Financière. Banque Worms. Bayerische Landesbank Girozentrale. Bear, Stearns & Co. Cazenove & Co. Banco Manhattan. Chemical Bank International. Citic. Continental Illinois. Credit Commercial de France. Crédit Industriel et Commercial. Crédit du Nord. Credit Suisse First Boston (Asia). Creditanstalt-Bankverein. Dai-ichi Kangyo International. Daiwa Europe Limited. Deutsche Girozentrale. Deutsche Kommunalbank. DGB Bank. Deutsche Girozentrale. Dominion Securities Amer. Dresler Bank. Drexel Burnham Lambert. Eurofinance. Fuji International Finance. Genossenschaftliche Zentralbank AG. Goldman Sachs International Corp. Hambro Bank. Hoesche Landesbank. HHI Sonnet & Co. ICB International. Kidder, Peabody International. Kleinwort, Benson. Kuwait International Investment Co. n.a.k. Kuwait Investment Company (S.A.E.). Lehman Brothers Kuhn Loeb International, Inc. Lloyds Bank International. LITCB International. Mitsubishi Bank (Europe) S.A. Samuel Montagu & Co. Morgan Grenfell & Co. National Bank of Abu Dhabi. The National Commercial Bank. The Nibbing Securities Co. (Europe) Ltd. Nippon Express Bank S.A. Odeon Royal Bank. Pictet International Ltd. Pictet, Huldre & Pictet N.V. Salomon Brothers International. Samura Bank (Overseas) Limited. Schröder, Münchmeyer, Hengel & Co. X. Henry Schroder Wagg & Co. N.Y. Slavensburg's Bank. Smith Barney, Harris Upham & Co. Société Générale. Sumitomo Finance International. Svenska Handelsbanken. Standard Chartered Merchant Bank. Strass, Turbath & Co. Swiss Bank Corporation International. The Tokyo-Mitsubishi Bank (Luxembourg) S.A. Toronto Dominion International Bank. Veritas and Westbank. S. C. Warburg & Co. Ltd. Westfälische Landesbank Girozentrale. Williams & City's Bank. Wood Gundy. Yamashita International (Europe) Limited. Yuzvika Trust & Finance (Hong Kong) Limited.

Harvester asks suppliers for prices freeze

By Our Financial Staff

INTERNATIONAL Harvester, the financially ailing U.S. farm equipment manufacturer, has asked its suppliers to freeze their prices until the end of its fiscal year in October so the company can protect its cash position... Harvester asks suppliers for prices freeze...

State helps RSV settle Stevin dispute

By Charles Batchelor in Amsterdam

THE DUTCH Government, Rijnschelde-Versluis (RSV), the shipbuilding group, and Volker-Stevin (VS), the dredging company, yesterday agreed a split-up to a dispute between the two companies over an advanced deep-sea dredging platform... State helps RSV settle Stevin dispute...

Poor first quarter points to further losses at Alusuisse

BY JOHN WICKS IN ZURICH

ALUSUISSE, the Swiss aluminium producer, could be faced with a further loss this year if business continues at present depressed levels.

The first quarter of 1982 had proved "wretched," Mr Emanuel Meyer, the chairman, said at a Press conference in Zurich. A rapid upswing would be needed to put the company back to profit.

Mr Meyer explained that although there were "rays of hope" in Europe where demand for aluminium was rising, the U.S. remained firmly in the doldrums.

Weak demand and low aluminium prices pushed Alusuisse into the red in 1981. Against a 1980 profit of SwFr 135.5m, losses totalled SwFr 52.3m (\$26.3m) and the company was forced to halve its dividend to 5 per cent.

Alusuisse, with more than 65 per cent of its SwFr 6.89bn (\$3.55bn) turnover last year coming from the aluminium division, is particularly hit by

the poor world price for raw aluminium. This would need to improve from about 50 to 80 U.S. cents per lb to be satisfactory, Mr Meyer said.

To reduce group debt, stocks would be cut from 215,000 tonnes to 86,000 tonnes by the end of this year or possibly next year. This would form the main part of an overall programme to cut stocks from the SwFr 2bn level of last September to about SwFr 1.27bn.

The company is also in the process of restructuring its debt, which rose from SwFr 4.33bn to SwFr 4.53bn during the second half of 1981. It has shifted from dollars into Swiss franc liabilities.

Measures to cut capital costs include the postponement of projects worth well over SwFr 1bn, notably the construction at the new Johnsonville aluminium plant in the U.S. and a number of disposals are planned, including "peripheral" participations in Africa and Latin America.

Terry Dodsworth examines the latest developments at a leading French motor group

Peugeot gears up for the 1980s

FOR THE past two years, the main news diet from Peugeot, the French motor group, has consisted of a lengthening catalogue of closures, cuts and losses.

Last month, however, the company's high command emerged from its bunker to present a different side of the group. At the opening of a new highly-automated components plant at Valenciennes, in the north of France, it was able to show tangible evidence of the investments that are cancelling out the cuts.

Valenciennes is the first step in what M Jean-Paul Parayre, chairman of Peugeot, calls the "long, hard and painful" process of group rationalisation. Its origins go back to the end of 1978, and the heavy days that followed the takeover of Chrysler Europe. At that time, the group announced plans to shake together the manufacturing activities of its three constituent companies — Peugeot itself, Citroen and Chrysler Europe (now Talbot) — into a

powerful new cocktail.

The idea behind this programme was simple enough. To remain competitive, the group argued, it needed to reduce basic component costs through bigger-volume production runs; and these lower costs could be achieved by designing parts that were suitable to go under the bonnets of any of a number of models in the group.

The Valenciennes factory is an important element in this giant game of meccano because it will produce a new five-speed gearbox designed for all future mid-range Peugeot groups cars. The box is already fitted to the Talbot Horizon; as production steps up, it will go into other existing and future models.

Peugeot, never prodigal with words, is coy about its specific long-term aims in components production. But it would probably like to cut the number of gearboxes it currently makes in the group—nine—by about half.

In engine manufacturing it has similar, and probably more

ambitious aims. Indications are that it will bring its range down from the 14 engines made at the beginning of the merger to at least half that number, of which four will be petrol and three diesel. As at Valenciennes, this process will be accelerated as a similar plant comes on stream for mid-range engines in Lorraine.

The second element in the Peugeot renovation campaign is its investment in productivity. In this respect, Valenciennes, built at a cost of FFr 1.5bn (\$242m) is a revelation. It is a factory not only adapted to the latest practical forms of robotisation, but also designed on some of the Japanese principles of worker participation.

This approach has created a plant where working conditions are visibly more appealing than on traditional production lines, and where the management is obviously determined to get away from the old authoritarian Peugeot image.

Employees work to a system

where individual conveyors can be stopped and started to correspond to personal work rhythms. The workforce is only 800 strong now, and even when the plant is producing at its maximum rate of 3,200 units a day, there will only be 2,600 workers.

Peugeot's idea, after a considerable study of Japanese techniques, is to move away from the old time-and-motion method of limited, simple, repetitive jobs. Every workman in the main gearbox assembly area, for example, is trained to be able to work at a number of different posts.

These methods illustrate a general effort that is going on in the group to respond to increasing competition from Japan and elsewhere. Quality circles are being introduced in a number of factories; according to senior managers, productivity increases have risen to a rate of about 7 per cent a year since 1979, against a 3 per cent rate in the previous decade, and it is aiming to continue at

the 7 per cent rate for some time.

There is, however, a harsher side to these productivity improvements — the 52,000 jobs that have been cut since 1978, sweeping away, among others, the Eindhoven plant in Scotland and the Citroen factory in Belgium.

In France, the slimming process has been less dramatic, involving a gradual trimming engineered through early retirements and voluntary departures. But it is to be noted that the group is aiming at a considerable rationalisation in its 41 plants over the next few years that is likely to speed up closures in France itself.

The fruits of all these changes cannot be expected to show for some time. Peugeot has not yet published final 1981 figures, but it is reckoned to have run up consolidated losses of around FFr 1.3bn. There is likely to be another sizeable loss this year, mainly because of continuing problem areas like Talbot in the UK and Spain.



M Jean-Paul Parayre, Peugeot's chairman

But over the longer term, Peugeot is aiming for an investment-led recovery that will re-establish its position through new models produced from its streamlined manufacturing facilities. As one manager remarked at Valenciennes, the company is now engaged in a kind of mammoth game of double or quit.

"We don't have much alternative."

Moeller pays more from sharply higher earnings

BY HILARY BARNES IN COPENHAGEN

MOELLER, the Danish shipping group, reports an increase in profit for 1981 and plans to step up its dividend to 20 per cent from the 13 per cent paid for 1980.

Profits totalled DKr 615.7m (\$73.5m) up 45 per cent from the previous year. A DKr 247m credit from 1980 brings the available surplus for 1981 to DKr 890m against DKr 547m.

The preliminary statements said that 87 per cent of the group's shipping earnings were made under charter and that foreign exchange earnings were substantial.

Moeller has extensive manufacturing and shipbuilding interests in Denmark. It also operates for the Danish Undersea and Petroleum's oil and gas activities in the North Sea.

J. Lauritzen Holding, parent company for the Danish shipping, shipbuilding and industrial group, will increase its dividend from 12 to 20 per cent after increasing net profits from DKr 8m to DKr 35m.

Group operating profits increased from DKr 202m to DKr 390m. Extra-ordinary income totalled DKr 11m, compared with DKr 149m in 1980, and the net result after tax and minority interests was down from DKr 218m to DKr 201m.

The improvement is attributed mainly to the shipping and oil rig operations. The four Danish shipyards were described as unsatisfactory, while the industrial interests showed only a small improvement.

Rights issue from Finnish shipbuilder

By Our Helsinki Correspondent

WARTSILA, the Finnish shipbuilder which recently won a major cruise ship contract from P and O, plans to raise FM 53.4m (\$11.5m) through a rights issue.

The rights will be on a one-for-one basis at FM 60 (par) a share. It is to be accompanied by a three-for-five scrip issue.

Wartsila, whose order books have expanded rapidly in recent years, saw profits rise sharply in 1981. Pre-tax profits rose to FM 140m from FM 40m on sales 17 per cent higher at FM 3.1bn.

Sophus Berendsen, the Danish industrial holding group whose main asset is a 55.4 per cent shareholding in Wartsila of the UK, reports increased profits for 1981. Earnings before tax improved from DKr 185m to DKr 215m (\$26m) and at the net level from DKr 110m to DKr 115m. The dividend is being held at 10 per cent

Postipankki result hit by heavy reserve transfers

BY LANCE KEYWORTH IN HELSINKI

POSTIPANKKI, the Finnish state-owned bank, reports a net profit for 1981 FM 2m lower at FM 10.2m (\$2.2m) after tax and transfers to the reserves.

The drop in profits compares with a FM 42.9m increase in reserves to a total of FM 133m, said Mr Heikki Tuominen, chief general manager, who described the result as "relatively satisfactory."

Total deposits increased 17 per cent to FM 11.75bn and Postipankki increased its share

of the deposit market. Total lending rose by 13 per cent to FM 13.49bn. Assets at the end of the year came to FM 18.03bn, up FM 2.85bn on 1980.

Finnish Export Credit, which is owned by the state, industry and commercial banks, doubled its credit commitments in 1981 to FM 16.89m. After transfers to reserves and tax, it booked a profit for the year of FM 15.7m, against FM 17.2m previously, and will pay a dividend of 8 per cent.

INTERNATIONAL APPOINTMENTS

Senior posts at Sime Darby Berhad

Following the resignation of Mr Mike Dowdy, group finance director of Sime Darby, to become group finance director of Burmah Oil (Financial Times, March 27) SIME DARBY BERHAD has made the following senior management appointments (from May 1): Dato' Malek Ali Yusoff, group director corporate affairs, becomes group director corporate finance and planning; Mr Martin Smith Berry becomes director group financial services; prior to this appointment he was general manager, Chloride Batteries, New Zealand.

Mr Yeoh Kee Pin, group chief accountant will assume the newly created position of group financial controller; Enock Abdul Rahman Bin Ramli, finance director, plantations division, will be transferred to the Pemas-Sime Darby Group as

finance director replacing Mr F. J. Ganah who will become finance director, Sime Darby International Tire Company in the Philippines. Enock Abdul Rahman Ramli will also be deputy managing director at Pemas-Sime Darby under Enock Hakim Dahlan; Enock Mohamed Sulaiman has been appointed finance director, plantations division, he joins the Sime Darby Group from Dunlop Estates Berhad where he was finance director; Mr G. B. Trowse, finance director, Asian and Pacific Basin division, becomes a director, group internal and management audit; a new appointment; Enock Abdul Rashid Abdillah, finance director, tractors Malaysia Berhad, will be appointed to the board of Tractors Malaysia Holdings Berhad and will have overall functional responsibility for finance for the TMB Group.

Mr Richard W. Sappenfield has been named vice-president and general manager of AVCO's aerospace division in Nashville, Tennessee. He succeeds Mr Francis X. Suzzo, a corporate vice-president, who is being reassigned back to AVCO's corporate office.

THE SEAGRAM COMPANY, Montreal, has appointed Mr David M. Culver, president and chief executive officer of Alcan Aluminium, to the board. He is also a director of Canadian MacMillan Bloedel, American Express Company and American Cyanamid Company.

LOUISIANA LAND AND EXPLORATION CO has appointed Mr E. L. Williamson to the new position of chief operating officer. He will continue to serve as president and director of the company. All exploration and production activities as well as mineral resource operations will be under his supervision.

Appointed as chief executive of ARCOTRONICS HOLDING BV is Mr Eric Frye. He has resigned from the board of Carpets International where he was a non-executive director.

Mr D. de Bruyne, president of Royal Dutch Petroleum Company, The Hague, is to join the board of NATIONALE NEDERLANDEN NV.

London & Scottish Marine Oil PLC
has acquired certain oil and gas properties from
Carpenter Oil & Gas Co.
and
both have entered into an exploration joint venture with
Energy Production Corporation
as managing partner

The undersigned initiated the transactions, and assisted in the negotiations leading to their consummation.

Kidder, Peabody & Co.
Incorporated

NOTICE OF REDEMPTION
COMPAGNE NATIONALE ALGERIENNE DE NAVIGATION
("CNAN")
UNCONDITIONALLY AND IRREVOCABLY GUARANTEED BY
BANQUE EXTERIEURE D'ALGERIE

In accordance with Paragraph B, Page 10 of the Fiscal Agency Agreement (Mandatory Repayments) the following Bonds will be redeemed at 100% plus interest on May 15th 1982.

5088	5089	5102	5105	5110	5114	5118	5121	5124	5127	5134	5207	5209	5213	5215	5219	5224	6150	6155	6161
6163	6171	6178	6180	6187	6191	6195	6201	6208	6213	6218	6226	6231	6236	6241	6250	6264	6267	6591	6602
6205	6215	6219	6224	6232	6233	6241	6246	6252	6258	6262	6270	6278	6282	6286	6292	6297	6701	6706	
6714	6722	6728	6733	6738	6742	6747	6754	6758	6763	6769	6775	6778	6783	6790	6886	6886	6870	6874	6882
6849	6857	6904	6908	6911	6918	6923	6926	6929											

Above mentioned Bonds with remaining Coupons (attached) should be surrendered to the Fiscal Agent or Paying Agents before May 15th 1982. From and after May 15th 1982 interest on these Bonds shall cease to accrue.

Remaining Coupons (No. 6) appertaining to the remaining Bonds (not listed above) should be detached and surrendered to the Fiscal Agent or Paying Agents before May 15th 1982 for payment on such date.

Fiscal Agent and Paying Agent:
Kuwait Financial Centre, S.A.K., P.O. Box 23444 Safat,
Kuwait City, Kuwait

Paying Agents:
Kredietbank S.A. Luxembourgise
43, Boulevard Royal, R.C. Luxembourg No. B6395.
S.A.I.L. (Middle East) E.C.
Pearl of Bahrain Building, Government Road, P.O. Box 5333
Manama, Bahrain

KUWAIT FINANCIAL CENTRE, S.A.K.
Principal Fiscal Agents

This announcement appears as a matter of record only

August 1982

ANAMBRA STATE OF NIGERIA

Medium Term Project Related Loans

US\$ 37'500'000

guaranteed by
THE FEDERAL REPUBLIC OF NIGERIA

lead managed and provided by
American Express Bank International Group
Banque NMB-Interunion
Citicorp International Bank Limited
European American Bank (Bahamas) Limited
The Long-Term Credit Bank of Japan, Limited
The Sanjimon Bank, Limited

managed and provided by
National Bank of North America
Svensk Overseas Banking Corporation

DM 358'000'000

insured by
SACE
Sezione Speciale per l'Assicurazione del Credito all'Esportazione

supported by
MEDIOCREDITO CENTRALE
Istituto Centrale per il Credito a Medio Termine

lead managed and provided by
American Express Bank International Group
Banque de Paris et des Pays-Bas (London)
Banque NMB-Interunion
Citicorp International Bank Limited
Compagnie Luxembourgeoise de la Dresdner Bank AG
Dresdner Bank International
The Hokkaido Tokai-Mitsui Bank, Limited
The Long-Term Credit Bank of Japan, Limited
The Sanjimon Bank, Limited
Ukrain AG

managed and provided by
Bank Leumi Le-Israel B.M.
The First National Bank of Boston

arranged and coordinated by
American Express Bank International Group
Compagnie Luxembourgeoise de la Dresdner Bank AG
Dresdner Bank International
Ukrain AG

also provided by
American Express International Banking Corporation
Banque Ambrosiano Overseas Limited
Banque de Vienne S.A.
Banque de Rome International S.A.
Banque Paribas de la Mediterranee (London Branch)
Licensed deposit takers
Bank of Montreal (Switzerland) Ltd.
Banque de l'Union Europeenne
Banque Europeenne de Tokyo
Banque Internationale pour l'Afrique Occidentale (B.I.A.O.)
Banque Norddeutsche S.A.
Citibank N.A.
Credit Chimique
Hessische Internationale Bank Limited, London
Industrielle Internationale
Nederlandse Credietbank NV
The Nippon Trust and Banking Co., Ltd.
Sofis Limited
United Mizrahi Bank Ltd, Tel Aviv

also provided by
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Banque Norddeutsche S.A.
Citibank N.A.
Credit Chimique
Hessische Internationale Bank Limited, London
Industrielle Internationale
Nederlandse Credietbank NV
The Nippon Trust and Banking Co., Ltd.
Sofis Limited
United Mizrahi Bank Ltd, Tel Aviv

Agent
Compagnie Luxembourgeoise de la Dresdner Bank AG
Dresdner Bank International

Sub Agent for Italy
Ukrain AG

Handwritten signature or stamp in Arabic script.

INTERNATIONAL COMPANIES and FINANCE

LI KA SHING WARNS OF DIFFICULT CURRENT YEAR

Cheung Kong profits near doubled

BY ROBERT COTTELL IN HONG KONG

CHEUNG KONG (Holdings), the property group controlled by Mr Li Ka Shing and which is one of Hong Kong's largest and fastest-growing companies, has reported profits after tax for 1981 of HK\$1.39bn (US\$240m), almost double the HK\$701.3m recorded in 1980.

dividend for the current year will be at least maintained. Earnings per share have risen by 90 per cent from HK\$1.97 to HK\$3.75, adjusted for the May, 1981, scrip issue. Dividends for the year are up by 44 per cent, with the proposed final of 48 cents, making a 70 cents total for the year.

large holding of properties acquired at well below current price levels, together with recurrent earnings to ensure its future development. Looking at group activities since the interim stage, Mr Li notes the completion of six buildings in which the group has an interest.

Hutchison Whampoa anticipated the slower property market by pre-selling major developments, and is in a sound position. China Cement Company (HK) will make a significant contribution to the local cement market in 1983 with its new plant.

Heng Sang buys financial group

BY OUR HONG KONG CORRESPONDENT

HENG SANG Industry and Realty, a company with diverse industrial and property interests including towel manufacturing, a limestone mine, and an oil palm plantation, is to buy a financial services group, Whitehall Enterprises, for HK\$75m (US\$12.9m).

concentrated in Hong Kong. It plans to change its name to reflect its new association. Provisional agreement has been reached for Heng Sang to acquire the entire issued share capital of Whitehall for a consideration of 30m new shares in Heng Sang valued at HK\$2.50 per share.

HK\$1.4m. First-half attributable profits for 1980 were HK\$46.2m. The interim dividend is five cents and the board is confident that its forecast of a final of seven cents will be met.

Marginal interim rise for Tasek

By Wong Sulong in Kuala Lumpur

TASEK, a Malaysian cement manufacturer, has reported a 2.7 per cent rise in interim pre-tax earnings to 16.8m ringgit (US\$7.2m). Sales were 13 per cent ahead of 1980, ringgit, reflecting higher prices rather than increased volume.

Sappi sees record year

Johannesburg—Sappi, the South African paper makers, expects a further satisfactory improvement in profits in 1982 after achieving its fourth successive year of record profits in 1981. Mr Basil Landau, chairman, said in the annual report.

Dividend income from subsidiaries boosts ICB

BY OUR SINGAPORE CORRESPONDENT

INDUSTRIAL and Commercial Bank (ICB), a medium sized Singapore bank, has chalked up a substantial rise in group earnings for the year ended December.

partly to after-tax dividends amounting to S\$5.2m received from subsidiary companies. The previous year's dividend income was only S\$454,620.

planning a major Malaysian plantation company, has reported a 28 per cent fall in pre-tax earnings for the year ended December to 8.4m ringgit (US\$3.8m) reflecting depressed commodity prices.

COMPAGNIE BANCAIRE Societe Anonyme Incorporated in France with limited liability Regd. Office: 5 avenue Kléber, Paris 16ème. NOTICE OF ANNUAL GENERAL MEETING

Doubts in Egypt on SE revival plan BY CHARLES RICHARDS IN CAIRO RECENT MOVES to revive the Cairo and Alexandria stock exchanges have found a cautious reception here.

Downturn in earnings at Guthrie

By George Lee in Singapore

GUTHRIE-BERHAD, which is now majority owned by the Malaysian Multi-Purpose group, has reported a 43 per cent downturn in group pre-tax profits to S\$3.32m (U.S.\$2.96m) for 1981. After tax profits were 48 per cent at S\$5.47m.

A subsidiary of Bestobell Limited has acquired Armtec Industries, Inc. The undersigned acted as financial advisor to Bestobell Limited in this transaction. LAZARD FRÈRES & Co. March 31, 1982

30th APRIL 1982 REDEMPTION TRANSALPINE FINANCE HOLDINGS S.A. U.S. \$25,000,000 6 3/4% Loan 1983 REDEMPTION OF BONDS DRAWING OF BONDS

US\$50,000,000 Societe Financiere pour les Telecommunications et l'Electronique S.A. Guaranteed Floating Rate Notes 1978-1983 Irrevocably and Unconditionally Guaranteed by STET Societa Finanziaria Telefonica per Azioni

PAN - HOLDING SOCIETE ANONYME LUXEMBOURG As of March 31, 1982, the consolidated net asset value was U.S.\$110,360,465.11, i.e. U.S.\$157.48 per share of U.S.\$50 par value.

WORLD STOCK MARKETS

Now shows early fall of 4.76

NEW YORK

Table of stock prices for various companies in New York, including columns for Stock, April 5, and April 6.

Stock

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SHARE PRICES were easier at mid-session on Wall Street as investors continued to take profits after the recent sharp run-up in the market.

The Dow Jones Industrial Average was off 4.76 to 830.57 at noon, while the NYSE All Common Index was 23 cents lower at 885.76.

The market was also under pressure from President Reagan's statement on Monday that unemployment could exceed 9 per cent and projections that the money supply will show a sharp increase for April.

Trading was trendless, with most stocks showing only fractional price changes. Volume leader Tele-Tele was an exception, rising 3 1/2 to \$102.

Blue Chip issues were among the most active, with AT and T up 1/4 to \$55. IBM fell 1/4 to \$91.10.

On the international price of gold, the rise, gold issues continued to outperform the market. The gold index was up 27.1 to 2,422.5.

Noranda said talks with the closing prices for North America were not available for this edition.

United Steel Workers in Quebec were progressing normally. Noranda was off 1/4 to \$21.60.

Among the bigger changes, Murphy Oil fell 1/4 to \$21.60, Seagram slipped 1/4 to \$21.60, and Miel was off 1/4 to \$21.60.

Montréal stocks were slightly lower as the Composite Index eased 0.77 to 285.04 on trading of 372,587 shares.

Among gilt indices, Oils rose 0.02 to 445.72, Industrials fell 0.69 to 278.16 and Banks declined 2.48 to 301.57.

The Hang Seng Index rose 3.85 to 1,200.12, rising through the 1,300 level for the first time since March 25.

Elsewhere, HK Bank was unchanged at HK\$14.90, HK Electric lost 5 cents to HK\$5.10, and HK Wharf 5 cents to HK\$4.50.

In Carx BMW fell DM 1.90 to DM 210.10 and Daimler DM 2.20 to DM 285.30, but VW, which dividend news expected this week, closed unchanged at DM 143.

Stores were weak, with Woolworth DM 2.90, DM 185, Karstadt DM 2.50 at DM 191 and Hartes DM 1 at DM 118.

Man fell DM 3 to DM 173 in Engineering and GRM DM 2 to DM 183, but Deutsche Babcock rose DM 2.90, against the trend to DM 209.50.

Share prices tended mixed to higher in moderately active trading, with the firmness of the franc against sterling a positive factor.

Engineering was generally higher, although Perini fell 1/4 to FF 150.20. In the construction sector, Bouygues rose FF 8 to FF 733 and in Electricals Matra gained FF 30 to FF 1,385.

Financials and Banks were mixed with a firmer bias. Chemicals were steady but Stores and Metals were easier.

Share prices closed mixed as volume declined in Lachout trading ahead of the long Easter weekend.

The market remained unaffected by news that major Swiss banks cut time deposit rates by one-quarter to one-half point for most maturities. The move was widely expected.

The recent weakness of the Swiss franc continues to dampen sentiment. Investor interest continued to focus on high yielding shares.

Share prices closed lower after a quiet session, with dealers citing profit-taking and professional position guarding ahead of the Easter holidays.

Metallgesellschaft, under pressure since warning of a possible dividend omission after a weak

COMPANIES AND MARKETS

Table of stock prices for various companies, including columns for Stock, April 5, and April 6.

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Table of stock prices for various companies, including columns for Stock, April 5, and April 6.

NEW YORK

Table of stock prices for various companies in New York, including columns for Stock, April 5, and April 6.

Stock

Table of stock prices for various companies, including columns for Stock, April 5, and April 6.

Stock

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Stock

Table of stock prices for various companies, including columns for Stock, April 5, and April 6.

Financial Times World Stock Markets section, including various market data and news snippets.

Companies and Markets

COMMODITIES AND AGRICULTURE

U.S. sugar import tax defended

WASHINGTON—Without the current import duties, the EEC would flood the U.S. market with subsidized sugar...

New U.S. mineral policy launched

By Nancy Dunne in Washington. PRESIDENT REAGAN has finally released a long-delayed statement on U.S. minerals policy...

Soviet grain talks may resume

By Nancy Dunne in Washington. UNDER pressure from American farmers and their Congressmen, the Reagan Administration may soon resume talks...

WORLD COTTON TALKS

A more palatable pact

By BRIJ KHANDARIA in GENEVA. PROSPECTS for a new International Cotton Agreement have improved following week-long private talks in Geneva...

Tougher Welsh salmon laws urged

TOUGHER LAWS to safeguard the future of salmon in Welsh rivers were being urged yesterday.

Weak pound boosts base metal prices

WEAKER STERLING coupled with the rise in gold prompted a general rise in base metal prices on the London Metal Exchange yesterday.

Indian harvest hopes dashed

By K. K. Sharma in New Delhi. CONTINUING unseasonal hail and rain have considerably damaged prospects of reaching a record wheat crop...

More foot and mouth confirmed

By Hilary Barnes in Copenhagen. TWO NEW CASES of foot-and-mouth have been confirmed in Denmark this week...

BRITISH COMMODITY MARKETS

Table with columns for Base Metals, Copper, Tin, Zinc, Lead, Nickel, Silver, Aluminium, and Wheat. Includes prices for various grades and contracts.

AMERICAN MARKETS

Table with columns for Metals, Grains, and Wool. Includes prices for various commodities in the US market.

PRICE CHANGES

Table showing price changes for various commodities including metals, grains, and wool.

EUROPEAN MARKETS

Table showing price changes for various commodities in European markets.

SCOTTISH BORDERS FIRST CLASS WOODLAND INVESTMENT. 276 Acres Mixed Age Class Woodland. For Sale by Private Treaty.

Commodity Analysis Limited. COMMODITY BROKERS. Specialists in Commodity and Currency Discretionary Accounts. Minimum account size \$25,000.

ART GALLERIES. BROWN & BARRY, 15, Corn St. DAVID CANNON, 15, Duke Street. MARYVON GEORGY GALLERY, GEORGE CHANNERY (1774-1852).

COCOA. Futures studied during the morning on light short-covering and jobber support which was aided by wheat trading.

COFFEE. Opening losses were met by subsequent trade support to inspire a minor recovery in light volume. RUBBER. The London physical market opened slightly higher than in previous sessions.

WOOL FUTURES. LONDON NEW ZEALAND CROSS-BRED. Futures closed in order of buyer, seller, and market.

POTATOES. LONDON POTATO FUTURES. Classification of tenderable standard overnight covered short-covering fresh supply throughout the day.

INDICES. FINANCIAL TIMES. MOODY'S. REUTERS. Dow Jones, Financial Times, Moody's, Reuters indices.

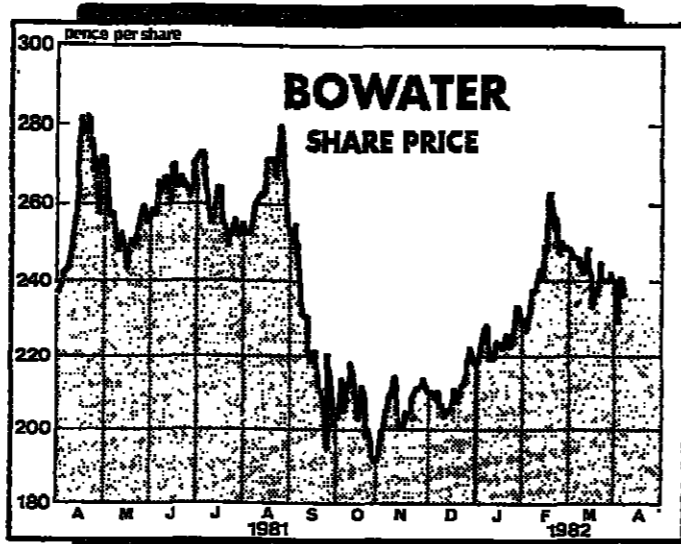
DOW JONES. FINANCIAL TIMES. MOODY'S. REUTERS. Additional index data and market information.

LONDON STOCK EXCHANGE

Markets remain extremely sensitive with Gilts weak but equities rally sharply after morning shake-out

Account Dealing Dates
Option
First Declara- Last Account
Dealing Date Dealing Day

FT-Actuaries All-Share Index
which represents a drop of
£1.8bn to £92.6bn in market
value.



First gave up 13 to 185p and
United Engineering lost 10 to
245p, while Avdel declined 9
to 178p, after 173p. Ash and
Lacy touched 265p on the
results before ending 2 easier at
263p.

Investment Trusts closed with
widespread and often sizeable
falls reflecting the weakness else-
where in equities.

London stock markets came
under increased selling pressure
yesterday as nerves remained
frayed by the political and eco-
nomic uncertainties resulting
from the Falklands crisis.

Lloyds Bank steadier

Having fallen 23 the previous
day on fears that the bank's
substantial Argentine assets
might be sequestered, Lloyds
gave a much steadier performance
yesterday, easing to 414p
initially before rallying to close
at the overnight level of 418p.

Interest rate worries
unsettled Hire Purchases. Pro-
vident Financial lost 8 at 125p
and Wagon Finance 4 at 43p.

Pilkington down again

Renewed nervous selling on
concern about the group's
Argentine interests prompted
fresh double-figure falls in
Pilkington and Unilever: the
former fell 15 to 243p, after 240p,
and the latter closed 16 off at
600p, after 595p.

Gold's firmer

The continued advance of the
bullion price in the wake of
heightened international tension
over the Falkland Islands dispute
helped gold shares, after initial
selling led to some sharp falls.

FINANCIAL TIMES STOCK INDICES

Table with columns for dates (Apr 9, Apr 8, Apr 7, Apr 6, Mar 31, Mar 30, A year ago) and rows for various stock indices like Government Secs, Fixed Interest, Industrial Ord, etc.

HIGHS AND LOWS S.E. ACTIVITY

Table with columns for 1982 (High, Low) and Since Completion (High, Low) for various stock categories.

Displaying widespread and
sometimes substantial falls after
an early bout of selling
prompted by fears of higher
interest rates, leading Buildings
stepped on the appearance of a
few cheap buyers and closed
above the worst in places.

Shoes finished with wide-
spread losses, Ward White,
annual results due today, eased
4 to 61p.

GEC dip and rally

Secondary Electricals sus-
tained double-figure falls but
the leaders rallied sharply
towards the close to end well
above the day's lowest. GEC,
rebound to 785p at one stage,
sold down to 780p at one stage,
rebound to close 10 cheaper at
805p.

Properties turned weak on
dearer money fears and, with
sentiment to the south, the
£72m rights issue proposal
announced by Hammarson,
quotations closed at, or near to,
the day's lowest.

Oil's improve late
A combination of bear closing
and cheap buying helped Oils
to regain a certain amount of
composure after an early shake-
out; losses that stretched to
double figures at one stage were
reduced to few pence. British
Petroleum finished only a couple
of pence cheaper on balance at
225p.

Options

Options favoured for the call
included First National,
Contractuals, ICI, First
Finance, Premier Oil, ICL, National Finance and BP.

RECENT ISSUES

Table with columns for Issue No, Issue Date, Issue Price, and Stock Name, listing recent equity issues.

FIXED INTEREST STOCKS

Table with columns for Issue No, Issue Date, Issue Price, and Stock Name, listing fixed interest stock issues.

"RIGHTS" OFFERS

Table with columns for Issue No, Issue Date, Issue Price, and Stock Name, listing rights offers.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Table with columns for Stock Name, Closing Price, Day's Price Change, and Day's Price Change %.

MONDAY'S ACTIVE STOCKS

Table with columns for Stock Name, Monday's Closing Price, Monday's Price Change, and Monday's Price Change %.

OPTIONS

Options favoured for the call
included First National,
Contractuals, ICI, First
Finance, Premier Oil, ICL, National Finance and BP.

London Clearing Banks' balances
as at March 17 1982

THE TABLES below provide the first monthly indication of the trends of bank lending and deposits, ahead of the more comprehensive banking and money supply figures published later by the Bank of England.

Large table with multiple columns showing aggregate balances, liabilities, assets, and individual groups of banks' balances (Barclays, Lloyds, Midland, National Westminster, Williams & Glyn's).

NEW HIGHS AND LOWS FOR 1982

The following quotations in the Share Information section of this paper are the highest and lowest prices achieved since the start of 1982.

Table listing new highs and lows for various companies in 1982, including American Airlines, British Airways, etc.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Large table showing FT-Actuaries Share Indices for various equity groups and fixed interest instruments, including price indices and average gross redemption yields.

RISES AND FALLS YESTERDAY

Table showing rises and falls in share prices yesterday, categorized by British Funds, Foreign Bonds, etc.

SINGER DISPOSAL TO SNYDER CORPORATION

Singer Company has completed the sale of its air conditioning and heating equipment division to Snyder General Corporation.

FT UNIT TRUST INFORMATION SERVICE

INSURANCE BONDS

Table listing various insurance and bond products, including Crown Life, Almay Life Assurance Co. Ltd., ANEV Life Assurance Ltd., and others, with columns for product names and values.

Table listing various unit trust products, including Legal & General (Unit Assur.) Ltd., Norwich Union Insurance Group, and others, with columns for product names and values.

Table listing various unit trust products, including Standard Life Assurance Company, Sun Alliance Insurance Group, and others, with columns for product names and values.

Table listing various unit trust products, including Guinness Mahon Pl. Mgrs. (Guernsey), Hambro Pacific Fund Mgmt. Ltd., and others, with columns for product names and values.

Table listing various unit trust products, including RBC Investment Managers Limited, Raminco Managers Ltd., and others, with columns for product names and values.

OFFSHORE & OVERSEAS FUNDS

Table listing offshore and overseas funds, including Fidelity International, Fleming Japan Fund, and others, with columns for fund names and values.

NOTES: This section contains additional information and notes regarding the fund listings, including details on pricing and distribution.

LITCHFIELD GROUP
 L.B. PLASTICS LTD.
 British leading producer of plastic profiles
 LITCHFIELD BROS. LTD.
 Precision springs, pressings and wire forms.
 Fire Works, Netheridge, Derby, DE5 2LL
 Tel: (07725) 2311 Telex: 377058

APV
 A vital part of the Marine Industry.
 Automotive Products Limited

Rail and gas industries to be monitored

By John Elliott, Industrial Editor

A BUSINESSMAN with experience in industry at a senior level is to be appointed to the Transport Department to help career civil servants monitor the activities of British Rail and to advise Mr David Howell, Transport Secretary, on business matters.

At the same time, British Gas is setting up two efficiency study units which will report to non-executive members of the industry's board on the industrial and business performance of individual parts of the corporation.

These are two initiatives which follow an inquiry into the relationship between the Government and nationalised industries, carried out by the Prime Minister a year ago by the Cabinet Office think-tank, the Central Policy Review Staff.

Mr Robin Ibb, who was head of the think-tank and conducted the inquiry, left government service last Thursday. He returned to his company, ICI, from which he had been seconded, not knowing whether his proposals would have much impact.

There has been trenchant opposition from senior civil servants, such as Sir Peter Carey, Permanent Secretary at the Industry Department, to some of the think-tank proposals.

Developments at the Transport Department and British Gas, however, illustrate how Mr Ibb's controversial ideas have survived in some areas.

The businessman being sought by the Transport Department will run its railway directorate, alongside Mr John Palmer, the Under-Secretary at present in charge. He will be on secondment and ideally will be in his 40s, having had experience of running a major industrial company at a senior level.

This is in line with an idea put forward by Mr Ibb, that business groups of senior industrialists should be set up in departments to give top-level advice on nationalised industries to ministers.

Sir Peter Carey and other senior civil servants blocked the idea in most areas. They argued that the person chosen would either be so senior that his presence would reduce the motivation of the industries' chairmen and top managements, or would be so inexperienced that he would not have any real influence.

Accordingly Mr Ibb's idea was watered down before a statement on relationships between the Government and the industries was made in the Commons by Mr Patrick Jenkin, Industry Secretary, three weeks ago.

Several departments, such as Industry and Energy, are recruiting extra accountants only, on secondment to help monitor the industries.

Feature, Page 16

'APPARENT IRREGULARITIES' MAY LEAD TO INVESTIGATION

Akroyd's suspends dealer

BY JOHN MOORE, CITY CORRESPONDENT

AKROYD AND SMITHERS, a leading firm of stock jobbers at the London Stock Exchange, has suspended one of its dealers after discovering "apparent irregularities".

The announcement was followed swiftly by another from stock-brokers, Buckmaster and Moore who said one of their former employees may have infringed Stock Exchange procedures or rules.

Buckmaster confirmed that the irregularities it has uncovered are directly related to Akroyd's decision to suspend its dealer.

Both firms have placed their files on their internal investigation with the ruling council of the Stock Exchange and a major investigation is expected.

The full text of Akroyd's statement said that "due to apparent irregularities in dealing, the company have suspended Mr John A. Thompson who is employed on their gilt edged book, and the matter has been referred to the Stock Exchange. These apparent irregularities have resulted in a negligible loss to the company."

Buckmaster and Moore said they had brought the matter to the attention of Akroyd in the last two weeks and Akroyd had mourned its own investigation. Buckmaster said none of its clients was involved in the alleged irregularities and no losses have been sustained by the firm.

Buckmaster and Moore said the former employee concerned, who has not been named, worked in the firm's private client fund management department and described the issue as largely a "personal account" matter.

These new irregularities are the latest in a crop of problems which the Stock Exchange has had to face. Inquiries into Halliday Simpson, the stockbroker at the centre of a scandal over "put through" deals, are still continuing and disciplinary proceedings have already taken place. Hedderwick Stirling and

Grumbar, the stockbroker, was hampered a year ago when his bank refused to handle cheques to cover gilt edged dealing for the day. Hedderwick was left with a net deficit of around £1m.

Sir Nicholas Goodison's stock-broking firm, Quiter Goodison took over the private client business of Hedderwick and has since become locked in a row with the official assignee of the Stock Exchange over whether anything should be paid for the private client business.

Both Buckmaster and Moore and Akroyd stressed that their problem was unconnected with either the Hedderwick or Halliday Simpson affairs.

Mr Mason said the acquisition of the minority interests would enhance the value of the company's 300,000 sq ft Carousell shopping centre in Perth, Western Australia, and is also paying £10.2m for Standard Life's 49 per cent stake in a 25-storey Brisbane office.

Mr Mason, who suggested that the purchase by Hammerson of minority interests might not yet be over, said the directors would this year carry out a revaluation of the entire group portfolio. This would be carried over to the balance sheet and an external valuation would follow. Full results, Page 18

change for £2m of shares and £10.6m cash, acquired from Schroder Wegg, the merchant bankers, the one-third interest which the property company did not already own in Mitec House, the bank's £90m City headquarters.

Overseas, the company is buying from Standard Life the 49 per cent share it does not own in the 390,000 sq ft Carousell shopping centre in Perth, Western Australia, and is also paying £10.2m for Standard Life's 49 per cent stake in a 25-storey Brisbane office.

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Hammerson in £70m rights issue

BY MICHAEL CASSELL

Hammerson Property and Investment Trust is raising £70.5m through one of the largest rights issues in the property sector in recent years.

The company also reported pre-tax profits up from £10.83m to £15.06m, a near 38 per cent increase. The profits picture was not enough, however, to prevent Hammerson "A" shares falling 25p to close at 58.5p.

Mr Sydney Mason, chairman and managing director of Hammerson, said about £58m of the funds raised by the rights issue would be used to finance a series of recent deals in which the company had bought out the minority interests in some of its major properties.

The balance would go towards financing a £17m addition to Hammerson's Bow Valley Square office complex in Calgary, Canada.

Brazil plan for 350Mw power plant

By Our Foreign Staff

BRAZIL HAS proposed building a coal-fired power station in Rio Grande do Sul state to replace a cancelled £250m coal project which has been the subject of two government-level protocols signed between Britain and Brazil in London last year.

The proposed station would maintain UK sales of equipment at the same level as would have been involved in the earlier project, provided that British credits can be transferred to the new project.

A proposed 350 Mw power station, at Jacu, Rio Grande do Sul, would replace the 600 Mw Santa Cruz project in Rio de Janeiro state, in which Northern Engineering Industries and Kloeckner UK were the main foreign participants.

Cancellation of the project to convert Brazil's largest oil-fired power station in Santa Cruz to coal was announced unofficially to the British Government last month. As expected, associated development of the Prospera coal mines in Santa Catalina state with British technology has also been abandoned.

Electrobros, the state electricity company, maintains that the Jacu project is roughly equivalent in value to the cancelled Santa Cruz and coal mining project which had together represented one-third of a \$1.2bn finance package arranged in London last year.

In a meeting yesterday with British consortia members and their financiers, Electrobros said the new project would maintain the same level of UK imports

markets fell by up to three points yesterday.

Although there was some satisfaction in official quarters yesterday over the extent of the financial pressures that have been brought to bear on Argentina, there were growing fears in the City that a prolonged crisis could do lasting damage to London's reputation as a financial centre.

Several bankers feel that the assets freeze was sprung upon them without prior consultation. By yesterday the Bank of England was not much further ahead in preparing guidelines for the operation of the assets freeze.

It emerged, however, that some types of Eurocredit, which are already fully drawn could be affected by the freeze. In particular this relates to so-called multi-currency credits where the borrower has the option to alter the currency of the loan at regular three or six monthly intervals.

The target range for the three aggregates sterling M3, PSL 2 and M1 is 8 to 12 per cent a year for the 14 months from mid-February 1982 to mid-April 1983.

Sterling M3 up 0.25% in March

BY ROBIN PAULEY

THE LATEST monthly money supply figures published yesterday were better than expected but continued to show a high level of bank lending to the private sector.

Sterling M3, the broad measure of the money supply, grew by 0.25 per cent after seasonal adjustment in the four weeks to mid-March, according to provisional figures published by the Bank of England.

This figure reflects higher-than-expected tax receipts, government departments spending less than expected, and about £1bn in back taxes, which had been delayed by last year's Civil Service strike, flowing into the Exchequer.

The figures, however, had no beneficial impact on the markets which were preoccupied with the Falkland Islands crisis. Concern is growing in government circles over the

	MONEY SUPPLY PER CENT RISES (seasonally adjusted)		
	Since February 1981 annual rate	Last 12 months	March
M1	-0.75	7.25	8.25
M3	0.25	13.5	14.0
PSL 2	0.5	11.75	11.75

high level of borrowing by private companies and individuals. Sterling advances to the private sector by the clearing banks rose to an underlying level of between £1.6bn and £1.7bn. This means total bank lending, including the Bank of England's own lending activities through the purchase of commercial bills, almost certainly exceeded £2bn.

Continued from Page 1

Support for pound

Dealers estimate that the Bank has lost several hundred million dollars from the reserves during the first two days of the week.

Some banks and other market operators have become cautious about selling sterling too heavily in view of the Bank's more active intervention stance. But sales from company treasurers picked up as the pound slipped below the \$1.76 level.

Significantly, large overseas holders from the Middle East do not yet appear to have joined in the selling, but could do so if doubts grow about the Government's future.

Sterling also fell against leading Continental currencies, dropping to DM 4.2250 from DM 4.27. Its trade weighted index dropped to 89.4 from 90.3 on Monday, its lowest overall level since mid-November last year.

Gold benefited from the general raising of international tension. The bullion price closed in London at \$349.50 per ounce, up \$11.4, following Monday's \$91 rise in New York later on it spurred to \$358 early in the day.

The sharpest interest rate rise on the London market came for the three-month interbank rate, which closed up 1/2 point at 19 1/2 per cent. Action by the Bank of England contributed to easy liquidity in the very short term end of the market. The seven day rate—a key determinant of banks' base rates—fell slightly.

The FT 30-share index closed 6.9 down at 553, a two-day loss of 18 points. The overall fall in share prices wiped £2.1bn off stock market values by the end of the day. However, the stock market rallied after falling by as much as 17.8 points at 11 o'clock in the morning.

The weakness of sterling hit the gilt edged market. Long dated stock fell by 2 points or more after Monday's falls of 2 1/2 points, while short dated gilts eased up to 1/2. The Government Securities Index fell by 1.12, making a two day fall of 2.81.

Continued from Page 1

Argentina faces crisis

Drawings by Argentina's oil company YPF on a recent \$450m international credit were halted at British banks yesterday while payments on at least one other credit were blocked by the UK agent bank which declined to be named.

This bank said it stopped making disbursements on its loan to an Argentine public sector borrower with the broad support of non-British banks in the loan syndicate.

The indications from banks in foreign centres yesterday were that worries over political developments inside Argentina following the Falkland Islands crisis were enough to make lenders extremely cautious.

Argentina has a constant need to borrow, however, and its foreign exchange reserves of around \$5bn are tiny in comparison with its external debt.

Reflecting this concern, the prices of Argentine bond issues in German and Swiss capital

Continued from Page 1

Massey seeks to end union blockade

BY ARTHUR SMITH, MIDLAND CORRESPONDENT

MASSEY-FERGUSON turned to the law yesterday to end the trade union blockade which it warns will put the future of its Coventry tractor plant at risk.

The Canadian based multinational will apply to the High Court today for an injunction to gain re-possession of the factory. The 3,300 manual workers, on strike for a week over plans to dismiss 170 of their colleagues, have barricaded the gates and refused access to staff.

A representative of the company's London solicitors used a loud hailer yesterday to shout out the terms of the injunction to pickets massed behind the gates. They listened in silence from behind their barricade of tractors and pallets of heavy components.

The company is using legislation devised to evict squatters which was successfully used in 1977 to gain re-possession of the factory following a similar occupation.

But success with the injunction will not solve the strike. The company insists 170 workers must be dismissed, completing a programme of 725 redundancies which will make the plant in-

ternationally competitive. The unions are pledged to an alternative of short time working or job sharing.

The latest confrontation follows a series of skirmishes in recent weeks. In the first incident two wages clerks sat on the end of production lines, halting all assembly and prompting a management warning that their action threatened Massey-Ferguson's survival.

The company told the striking manual workers that unless they returned by last Monday, work would be transferred overseas and more jobs lost.

Management warned that unless costs could be held down the company faced the prospect of going out of business with the loss of 4,000 or more jobs in Coventry alone.

The main competition to the Coventry plant comes from Beauvais, France, which already produces about half the output of the successful new 600 series of tractors.

There is also a risk that kits for assembly by Third World markets could be supplied from Massey-Ferguson plants outside the UK.

Manning the barricades, Page 10

THE LEX COLUMN

The markets' bout of seasickness

On Monday night the Prime Minister committed her Government to the success of the Falklands expedition in what came over as an emotional TV performance. However well this may have fitted in with the mood of the country, it only confirmed the anxieties of the financial community in the City of London about the longevity of the present Administration.

So the morning session saw quite a violent further shakeout in both gilts and equities, paralleled by further pressure on sterling and another upward move in short-term interest rates.

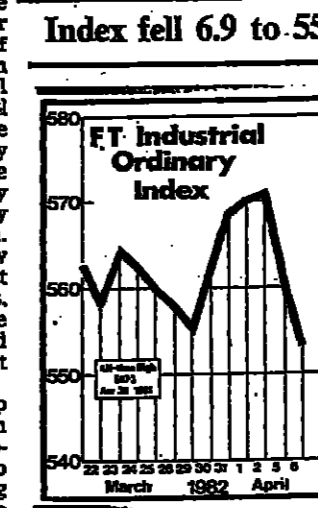
Meanwhile a further sharp rise in the gold price—which in London was showing a two-day jump of more than \$20 to \$349.50, with continuing firmness in New York after the London close—reflects the growing international concern over the Anglo-Argentinian dispute. Whatever the consequences for the UK, they are potentially far worse for Argentina, which has over \$30bn of foreign debt outstanding. The American financial markets are bound to be concerned at the further destabilisation of the already unsteady Latin American economic and political climate.

In London, however, the worst of yesterday's selling wave was over by lunchtime. After a drop of 17.6 points at 11.00 am the FT 30-Share Index showed late strength to finish the day just 6.9 points down. But the recovery in gilt-edged was less pronounced, and some closing falls were still in excess of two points. In two days something like 5 points has been wiped off the value of some of the long-dated stocks.

In such circumstances, the first batch of banking statistics for March seemed to have little relevance. That was a pity, for an estimated rise of only 1 per cent in sterling M3 and of 1 per cent in the broader PSL2 aggregate can be viewed as encouraging. The surge in bank lending, however, shows little signs of abating, with clearing bank advances up by £1,600.21.7m on an underlying basis, equivalent perhaps to over £200 for the banking sector as a whole. Bank lending may well now subside after the ending of a quite exceptional taxpaying season, in which many companies have plainly had to turn to their banks in order to satisfy the inland Revenue.

But if the Bank of England was hoping for a quiet period in which it could unwind the exceptional help it has provided to the markets, to prevent a surge in interest rates over the

Index fell 6.9 to 553.0



ensue once the minorities are extinguished. The issue is backed by a healthy rise from £10.93m to 15.06m in profits, though £2.8m of the reported rise before tax stems from currency translation gains.

Nonetheless, it still requires shareholders to invest further on the basis of educated guesswork in relation to asset values—brokers Laing and Cruikshank calculate that assets are 777p per share cum rights—and the 1981 balance sheet will not be available for another month.

The voting structure remains archaic but BSAP 19 will oblige the board to incorporate a full portfolio valuation in the accounts from the end of this year onwards.

Bowater

The Bowater Corporation has broken out of its profits plateau of the last five years, with a pre-tax increase for 1981 of 25 per cent to £106.7m. The weakness of sterling has been responsible for most of the overall gain, being worth about £20m over the year. But there has been an improving underlying trend, mainly as loss makers have been eliminated. Stripping out exchange benefits, pre-tax profits have risen by 21 per cent in the second half, compared with a decline of 18 per cent in the first six months.

North America has continued to produce about three-quarters of trading profits, in dollar terms generating an improvement in profits of 8 per cent, with new print demand remaining resilient. So far in the current year, earnings in the pulp business have been under pressure, but the group is confident of an improving trend. The main impounder for North American earnings in the coming year is the development of the waste negotiations in the Canadian industry.

Even if there is a downturn in the U.S., in the UK further benefits from rationalisation should be showing through, and redundancy costs taken above the line will be running considerably below the £4m level of 1981. So the outcome for the year may be in the region of £110m pre tax. The dividend remains uncovered by current cost earnings, however, and it looks like being several years before the UK mainstream corporation tax liability matches the group's ACT. With another year of heavy capital expenditure it is not surprising that the dividend is unchanged. In a falling market, the shares shed 20 yesterday to 239, where the yield is 7 per cent.

Hammerson

Possibly only a major property company would have had the nerve to press on with a rights issue in yesterday's stock market, but Hammerson's plan, laid as far back as last August, to raise £70.5m on a three-for-one basis at 500p per share were not to be upset by naval adventures. The call immediately evokes memories of Hammerson's £42.5m acquisition of Reunion 2½ years ago, also funded with a fresh tranche of equity.

The idea now, as then, is to simplify the portfolio by bidding for the minority interests in specific subsidiaries and development schemes, with the aim of enhancing values once full control is established. Hammerson is devoting all but £12m of the proceeds to this cause and talks loosely of a \$30m marriage value which will

Weather

UK TODAY
 CLOUDY with outbreaks of rain, becoming brighter. Central, S. and N.W. England and Wales, N. Ireland and Central Scotland.
 Cloudy with outbreaks of rain, becoming brighter. Max. 13C (55F).
 N.E. England, S. Scotland, Lake District.
 Misty with fog patches, rain later. Max 12C (52F).
 N.E. and N.W. Scotland.
 Sunny intervals, becoming cloudier with outbreaks of rain. Max. 8C (46F).
 Outlook: Sunny, becoming colder.

WORLDWIDE

	Y day	Y day	Y day
	midday	midday	midday
Algeria	19	66	L. Ang.†
Algeria	17	63	Luzemb.
Athens	17	63	Madrid
Bahrain	18	61	Majuro
Beirut	19	66	Manila
Belfast	13	59	Mex. C.†
Bombay	18	64	Moscow
Buenos Aires	18	64	Munich
Calcutta	18	64	Nairobi
Cardiff	13	59	Nepal
Casablanca	18	64	Osaka
Cairo	18	64	Paris
Cebu	18	64	Rangoon
Colombo	18	64	Reykjavik
Delhi	18	64	Rome
Dhaka	18	64	Sao Paulo
Dublin	18	64	Singapore
Dunedin	18	64	Sydney
Edinburgh	13	59	Taipei
Frankfurt	13	59	Tel Aviv
Glasgow	13	59	Tokyo
Hankow	18	64	Wellington
Hong Kong	18	64	Yokohama
London	18	64	
Lyons	18	64	
Manila	18	64	
Medan	18	64	
Perth	18	64	
Port of Spain	18	64	
San Francisco	18	64	
Singapore	18	64	
Sydney	18	64	
Taipei	18	64	
Tel Aviv	18	64	
Tokyo	18	64	
Wellington	18	64	
Yokohama	18	64	

People come to Tokai because Tokai takes charge.



The word is getting around that Tokai Bank is the place to go for expert international financial assistance. And it's as much a matter of attitude as it is of know-how. Tokai is the 29th largest bank in the world, so they're big enough to know what they're talking about. But they're also small enough to talk straight. Consequently all kinds of people involved in international business are getting answers from Tokai — answers that make sound financial sense.

The broad Tokai network spans five continents. And at offices around the world Tokai is proving that they're not only an informed and competent financial management service, but a concerned international business partner as well.

Tokai Bank. Taking charge.

TOKAI BANK

*Assets US\$47,580 million according to a listing of the world's 100 largest banks in Institutional Investor, July 1981.

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